Saskatchewan Agri-Value Initiative (SAVI)

Program Overview

Phase 1: Information Services

Agriculture and Agri-Food Canada
Agriculture et Agroalimentaire Canada

Saskatchewan Ministry of Agriculture

Saskatchewan Agriculture, through the Regional Farm Business Management Specialists (RFBMS), provides advice, information and pathfinding services in a number of areas including, but not limited to: business development, marketing/market development, market trends and opportunities, logistics and operations, funding sources and skills and training opportunities.

Phase 2: Business Plan or *Business Assessment* followed by Action Plan

The *Business Assessment* tool helps companies or producer/processor organizations understand their needs for growth and development. This is a new analytical tool used by Regional Farm Business Management Specialists to do business assessments with clients. It is anticipated that the *Business Assessment* be used in person with the company/client.

The Saskatchewan Agri-Value Initiative (SAVI) Business Action Plan is the second document that is used to summarize the *Business Assessment*. It includes the client's strengths and weaknesses and helps them develop an action plan for business growth and expansion. This action plan determines which component of the SAVI funding may be accessed.

Phase 3: Saskatchewan Agri-Value Initiative (SAVI) Funding Components

Project Mandate:
To help the development and expansion of small to medium-sized enterprises or producer/processor organizations involved in adding value to agricultural products which will enable them to make sound business decisions and capture market opportunities. This can include processing.

Under the umbrella of the Growing Forward Agreement, SAVI was designed to allow agri-businesses access to information, business analysis, business growth and development funding, as well as support for skills and training development.

SAVI Program Details

Eligible clients:

1. Small to medium-sized enterprises and producer/processor organizations which maintain a significant business interest in Saskatchewan
2. Involved in adding value to agriculture products (i.e. food, feed, bio products); and
3. Those who currently have a business plan or completed a *Business Assessment* and Action Plan with the RFBMS.

Targeted clientele:

1. Agri-businesses that are working on establishing or growing their value added businesses (new products and new markets).
2. Agricultural enterprises and producer/processor organizations wanting to collaborate on value-added products for a more profitable and competitive agricultural industry.

SAVI Process:

- The funding component of this program will be managed by the Agriculture Research
- Applications will be accepted on an ongoing basis and will be reviewed for eligibility at the end of each month by the Agriculture Development Fund (ADF) Committee.

- Applications will be judged on merit of the project within the province.

Funding criteria:

- **Overall limit of $100,000 per company or organization over a four year period**
- Individual component maximums are as follows:
    1. Prototype and Product Development - $50,000
    2. Marketing/Marketing Opportunities - $40,000
    3. Systems Improvements - $20,000
    4. Skills and Training - $5,000
- In each component applicants must match with 50 per cent funding.
- Applicants can apply for each component more than once providing the component maximums are not exceeded over four years.

Selection criteria for components one to three:

- Potential economic impact of the project;
- Probability of success;
- Industry support;
- Ability of applicant to complete the project; and
- Business approach/technical design.

Component 1: Prototype and Product Development

Description:

PROTOTYPE DEVELOPMENT

Prototype development refers to those activities necessary to move a product idea from the concept stage to having a sample product in hand. The prototype development allows for the testing of the technical feasibility of the product concept.

PRODUCT DEVELOPMENT

Product development involves those activities required to advance a product from the prototype stage to the test market stage.

Eligible activities could include:

- Prototype development
- Product development
- Process development

Eligible Costs:

- Professional/technical/ research/testing fees such as:
    - Custom processing and manufacturing costs
    - Packaging

    - Labeling
    - Analysis of the production run
    - Investigate or identify processing, manufacturing or technology options
    - Determine mandatory/voluntary testing procedures, protocols, safety and efficacy data
    - Conduct a manufacturing or processing assessment (i.e. this is the initial drawing of the individual steps and equipment that would comprise the plant)
    - Refine any of the testing procedures to meet customer expectations of product performance criteria
- Equipment rentals
- Materials
- Project travel

Not eligible:

- Equipment purchase or other capital purchases
- Administration or overhead costs
- Funding for ongoing activities including wages for existing employees
- The Goods and Service Tax (GST) reimbursed to the applicant by the Government of Canada.

Parameters:

- Maximum of $60,000 per project (with 50 per cent matching by applicant).
- A lower cost matching will be considered for projects that demonstrate a general benefit for the industry. Projects will be supported at a level relative to their industry impact. For example, company-specific projects are normally supported in the range of 50 per cent of eligible costs, while projects making a significant contribution to an industry may be supported at a higher level.

Component 2: Marketing Opportunities

This component includes incremental marketing activities and creating opportunities through business alliances.

Description of marketing:

Funding is provided to support incremental marketing activities for either a new product or an existing product entering a new market.

Examples of incremental marketing activities include:

- **Idea Stage**: Market research to identify the potential customers, market size, high-volume users or high-value product opportunities.
- **Concept Stage**: Market research that investigates the environment in which the product will compete in for pricing, distribution and placement options as well as a full scale competitor analysis.
- **Prototype Stage**: Market assessment and initial options of packaging and labeling.
- **Operational Stage:** Monitor and evaluate current products in the marketplace (i.e. competitors' responses, new competitors).

Description of business alliances:

- Instead of focusing on individual companies, a conglomerate of companies are encouraged to think about regional economies in terms of supporting infrastructure to increase productivity levels, innovations and economic growth.
- Promoting and instilling a strategic alliance culture into a region and facilitating functioning business networks will ensure that capital, resources and skills of the region are combined to promote innovation.
- Encourage cooperation between businesses within an industry for betterment of business region/industry to become more competitive and profitable as a region.

Parameters:

- Maximum of $40,000 per project (with 50 per cent matching by the applicant).
- A lower cost matching will be considered for projects that demonstrate a general benefit for the industry. Projects will be supported at a level relative to their industry impact. For example, company-specific projects are normally supported in the range of 50 per cent of eligible costs, while projects making a significant contribution to an industry may be supported at a higher level.
- For building business alliances, it is mandatory that three or more businesses/companies come together to work on a project.

Eligible activities:

- Market assessments - consultant fees
- Market development - consultant fees and activities relating to implementing the marketing plan such as:
    - Trade shows (booth rental, transportation, accommodation, shipping)
    - Sales missions (transportation and accommodation, presentation costs, shipping)
    - Product presentations (transportation and accommodation)
    - Marketing/promotional materials – creative development (i.e. logo and website), printing (i.e. brochures, spec. sheets), related consultant/professional fees
    - Labeling – creative development costs, printing costs, related consultant/professional fees
    - Focus testing – test group costs (transportation, accommodation, meals), facility rental, related consultant/professional fees
- A facilitator hired to conduct a strategic plan and/or Strength Weakness Opportunity Threat Analysis (SWOT) followed by an action plan.

Not eligible:

- Development of business plans;
- Development of marketing plans; and
- Funding on ongoing marketing activities.

Component 3: Systems Improvements

Description:

Funding is provided to businesses to assess the adoption of innovation, new/improved technologies and systems in order to increase profitability and growth.

Parameters:

- Maximum of $20,000 per project, (with 50 per cent matching by applicant).

Eligible activities include:

- Funding consultants/professionals for:
    - Assessing the facility to determine efficiencies or labour saving alternatives through use of new equipment and/or technologies/systems;
    - Assessing business opportunity to utilize environmentally friendly operations (i.e. use of bio-degradable packaging materials, reduced waste technologies).

Component 4: Skills and Training

Description:

Funding to assist companies to improve their business skills as identified in the *Business Assessment* and Action Plan.

Parameters:

- Maximum of $5,000 per company (with 50 per cent matching by applicant).

Eligible costs:

- Tuition/registration fees
- Books