



Alpaca Canada

Business Plan

2007 – 2012

## Table of Contents

Acknowledgements.....	ii
Executive Summary.....	iii
1. Introduction and Methodology.....	1
2. Strategic plan .....	2
2.1 Mission .....	2
2.2 Vision.....	2
2.3 Strengths, Weaknesses, Opportunities and Threats.....	2
2.4 Alpaca Industry Map .....	5
3. Industry and market analysis.....	7
3.1 Characteristics of the Association .....	7
3.2 Characteristics of the Herd .....	8
3.3 Characteristics of the Industry .....	9
3.4 Industry Demographics.....	10
3.5 Economic Outlook.....	10
3.6 Legislation and Regulatory Issues.....	11
3.7 Attracting New Customers.....	11
3.8 Critical success factors for the industry/association .....	12
4. Marketing .....	13
5. Operations .....	20
6. Human resources .....	22
7. Financial .....	23
8. Risk management/keys to success .....	27
9. Action plan – short term.....	28
Short-term Implementation Schedule – Year 1 .....	29

## Acknowledgements

**Paulson Cormier & Associates, Management Consultants** wishes to acknowledge the hard work and insight of the Alpaca Canada Board of Directors and office administrator during this project:

- Edwin Wyatt, President
- Allan Johnson, Vice-President
- Catherine Simpson, Secretary-Treasurer
- Stella Beniuk, Director
- James Cole, Director
- Casey Dewit, Director
- Oona Porter, Director
- Lori May, Office Administrator

**And...**

**the many organizations and individuals involved in the alpaca industry**, including producers, processors, marketers, government and association representatives and the DLFOA (Diversified Livestock Fund of Alberta), that were either interviewed by telephone or in-person during this process.

## Executive Summary

The Alpaca industry in Canada is relatively new and experiencing high growth. The current governing body of the industry, Alpaca Canada (AC), was formed in January 2006 as a division of the Canadian Llama and Alpaca Association (CLAA) and as of June 15, 2007 has 407 members from across Canada. This association is a national association and represents members from across Canada.

According to AC members that participated in the survey for this Business Plan, the value of the association includes:

- a national body
- communication/networking platform
- marketing platform
- centre of learning
- national registry<sup>1</sup>

Markets for Alpaca Canada include breeding stock, fibre/fibre production and enjoyment/pleasure. A description of these markets follows:

- **Breeding Stock**

This is how the industry initially started in Canada. The animal was imported into Canada, and then promoted and sold to interested parties across the country. Included in breeding stock are genetics and stud fees. The breeding stock and subsequent offspring needs to remain healthy to facilitate industry growth.

- **Fibre/fibre production.**

The animal is known world wide for its fibre. Some producers are interested in making products from this fibre such as socks and mittens; others are interested in having their animal sheared and then selling the fibre to a co-op or mill. The association must recognize the unique needs of their membership and provide support for whatever option the member chooses and is appropriate for them.

- **Enjoyment/pleasure**

Some members own alpaca for the pure enjoyment of the breed. They are interested in learning about the proper care and handling of the animal to ensure the animals' health and safety. They are also interested in the social aspects of alpaca ownership such as shows and meeting/networking with other members.

This Business Plan provides the road map for Alpaca Canada from 2007 to 2012.

---

<sup>1</sup> Alpaca Canada Member Survey, 2007. Paulson Cormier & Associates. page 1.

## *Alpaca Canada*

Four marketing goals for Alpaca Canada are:

- **Connect with Members/Industry/Associations (Communication/Networking Platform)**

The Alpaca industry is quite new and the association needs to lead the charge to connect its industry, membership and other similar associations. This is necessary for effective communication and networking of the members and for stakeholders.

Strength in the industry and the association can be gained by forming alliances and working partnerships with other alpaca organizations.

- **Building Capacity through Partnerships and Education**

A powerful aid that Alpaca Canada can provide its members and stakeholders is an environment of shared learning to facilitate industry growth and profitability.

AC can provide leadership to the producer and deliver relevant information regarding the “art of selling” and the “science of marketing” alpaca, on both the breeding stock and fibre sides.

AC can provide leadership and provide the environment for the development of partnerships for the ongoing development & research and innovation of the fibre industry.

- **To Provide a Marketing Platform for Members and Industry**

The association is the conduit for industry promotion to its members, stakeholders and its publics. It is important that AC promotes the industry by raising the profile and awareness of Canadian alpacas to several audiences including: producers, consumers, stakeholders (value chain) and regulatory and government organizations.

- **Advocacy for Industry Development**

Advocacy can be defined as attempting to convince another party to see things your way. For the Alpaca industry there are several issues that impact the development of the industry: differing regional and individual priorities and single vs. dual registration of animals.

## 1. Introduction and Methodology

Alpaca Canada (AC) hired the consulting services of Paulson Cormier & Associates, Management Consultants to facilitate the development of a five year business plan for the association.

The business plan includes the following sections: Introduction and Methodology; Strategic Plan; Industry and Market Analysis; Marketing; Operations/Services; Human Resources; Financial; Risk Management and Action Plan. The consulting firm conducted a member survey to allow for members to have input into the Business Plan process. The summary document is available under separate cover and is entitled, "Alpaca Canada Member Survey, 2007, Summary."

The Business Plan was researched and developed based upon the following comprehensive process:

- Literature search and review.
- Board of Director's questionnaire development and analysis of responses.
- Start-up meeting and brainstorming session in Red Deer, April 20, 2007.
- Member questionnaire sent out to the AC membership via e-mail, with a 7.4% response rate.
- Progress report and Conference call with Board of Directors, May 30, 2007.
- The consultants conducted approximately 15 one-on-one in depth interviews either on the phone, in person or on e-mail with AC board members, AC members, associations, alpaca producers, fibre processors, fibre manufacturers, marketers, industry representatives, and government representatives between April 2007 and June 2007. A question guide was prepared to this research so the consultants were asking the same questions of the respondents.
- The **draft** marketing plan was submitted to AC for review June 26, 2007 with comments forwarded back to the consultants at board conference call, June 27, 2007.
- The **final** marketing plan was submitted to AC September 24, 2007.
- The consultants worked collaboratively with the members of Alpaca Canada and other knowledgeable people involved in the alpaca industry in Canada, United States and Pacific Rim, to formulate this business plan.

## **2. Strategic plan**

The 2005 Canadian Llama and Alpaca Association (CLAA) restructuring process saw the Canadian Llama and Alpaca Association draft new bylaws and receive official approval from the Minister of Agriculture and Agri-Foods Canada for two independent, incorporated breed divisions - one for alpacas and one for llamas. Alpaca Canada, the breed division for alpacas is responsible for all non-registry matters, including marketing and promotion of animals, marketing of product, shows, research, industry-wide communication and activities specific to alpacas. The CLAA retains registry function as set out in the Animal Pedigree Act.

The first Alpaca Canada board of directors was elected in the fall of 2005 and held their inaugural meeting in February 2006. The Alpaca Canada board is comprised of seven directors, each elected for a two-year term. Elections are held annually, prior to the AGM and Conference. Director terms alternate, with four elected one year and three the next.

The long term view of the Association is to provide value to its membership and increase awareness of the breed and fibre.

The website of Alpaca Canada is [www.alpacainfo.ca](http://www.alpacainfo.ca).

### **2.1 Mission**

Alpaca Canada's mission is to represent the interests and evolving needs of Alpaca Canada members and promote the development of a viable, sustainable and integrated Canadian alpaca industry.

This mission statement was accepted by the Board in April 2006.

### **2.2 Vision**

The vision of Alpaca Canada is to unite the membership nationwide, draw on the excellence and knowledge available and continue to grow the industry. The primary businesses are breeding stock and fibre.

### **2.3 Strengths, Weaknesses, Opportunities and Threats**

The SWOT analysis was compiled by using the membership surveys and input from the Board.

#### **Strengths:**

The breeders/producers of alpacas are committed to building a strong industry in Canada. AC members are enthusiastically supportive of events and shows, including

## ***Alpaca Canada***

volunteering for committee and project work throughout Canada. This relatively new industry is vibrant due to the continued entry of new breeders/producers. As well, it benefits from the wide range of experience from those that have pioneered the Alpaca industry in Canada since the early 90's.

The breeding stock is first-rate meanwhile; the Canadian herd continues to grow in numbers and in quality. This is an outcome of the diversity, expertise and leadership provided by AC members volunteering for Board, Working Groups and Committees functions.

AC also benefits from a well established and respected animal registry in the CLAA. Federal and provincial agricultural agencies are supportive in seeing the Canadian Alpaca industry strengthen and grow.

Awareness of the Canadian Alpaca industry is also growing with the help of a recent national promotional campaign, AC website and several communication initiatives aimed at both the membership and the general public. These efforts have resulted in increased interest in both alpacas and alpaca fibre products from prospective new members, consumers and the public at large.

### **Weaknesses:**

AC was created in 2005 as a stand alone association representing breeders/producers of Canadian alpacas. Sustainability is the cornerstone of any industry, particularly for one that is in its early stage of development.

AC has identified several concerns that have a direct influence on the future success of the association and the sustainability of the industry in Canada:

- Commercial fibre industry is not yet established in Canada due to immature value-chains.
- Lack of knowledge amongst members concerning fibre (sorting, grading, processing, etc.).
- Lack of education and training opportunities for members.
- Need to improve quality of end product.
- Establishment of a viable national co-op is slow.
- Too few alpacas and members in Canada.
- Single versus dual registered animals; value difference and perceived inability to sell animals.
- Differing visions as to the future of the industry; a growing/on-going rift between parties sometimes based upon whether a member owns single or double registered animals.
- High prices for animals help the industry maintain its image as an "exotic" animal industry...for commercial recognition, prices must fall and a supply chain developed (show, fibre harvest, meat and hide).
- No established business plan for AC.
- Undocumented goals for AC working committees.
- Underdeveloped and utilized rules and policies for dealing with unethical owners/breeders.
- New association therefore lack of appropriate funding for research and big ventures.

## ***Alpaca Canada***

- Key individuals/volunteers are overtaxed and tired...need new recruits/volunteers.

### **Opportunities:**

To capitalize on true opportunities, AC must consider its strengths (know-how) and weaknesses (short-falls) when choosing which opportunities to pursue. This risk analysis will also help to prioritize each opportunity.

The following are opportunities that AC needs to consider to strengthen the industry in Canada:

- Develop and increase knowledge base of membership (animal husbandry practices, marketing techniques, association operations and initiatives).
- Support the development of a fibre supply/value chain...fibre through to meat and hides (members need to know exactly what they will do with their fibre clip, which animals are breeding stock, fibre producing animals, pet stock or cull animals, etc.)
- Develop a mechanism for certifying fibre related training programs in conjunction with a recognized educational institution (sorting/grading certificate program through the Centre for Innovation, Olds College, AB)
- Cooperate with CLAA initiatives designed to (1) recognize and promote the importation of superior breed genetics and (2) make ET and AI a reality in the Canadian alpaca industry.
- Educate industry participants concerning other registries, potential for overseas sales, opportunity for introduction of AI and ET practices, etc.
- Develop a "Made in Canada" Alpaca brand and quality seal.
- Promote the use of alpaca within the Canadian Fashion Industry by offering annual national design competitions.
- Develop international markets for our fibre and finished products.

### **Threats:**

An emerging industry such as Alpaca faces several threats that need immediate attention if it wishes to achieve a level of sustainability. Although some threats appear impossible to counter, the strengths of AC can make the difference in reducing their negative impacts. Contingency plans need to be developed immediately to counter their consequences.

Here are some identified threats to consider:

- Industry in-fighting and on-going divide amongst the AC membership has the effect of limiting industry expansion and improvement.
- Breeders fail to engage in breeding practices designed to improve overall herd quality.
- Unscrupulous breeders.
- Inability to attract prospective buyers due to the lack of viable fibre industry. This will, in the long term, affect breeding stock pricing except for elite show animals.
- International competition from foreign registries.
- Other Foreign Registries not allowing Canadian Alpacas into their countries. US and/or other foreign border closures.

## *Alpaca Canada*

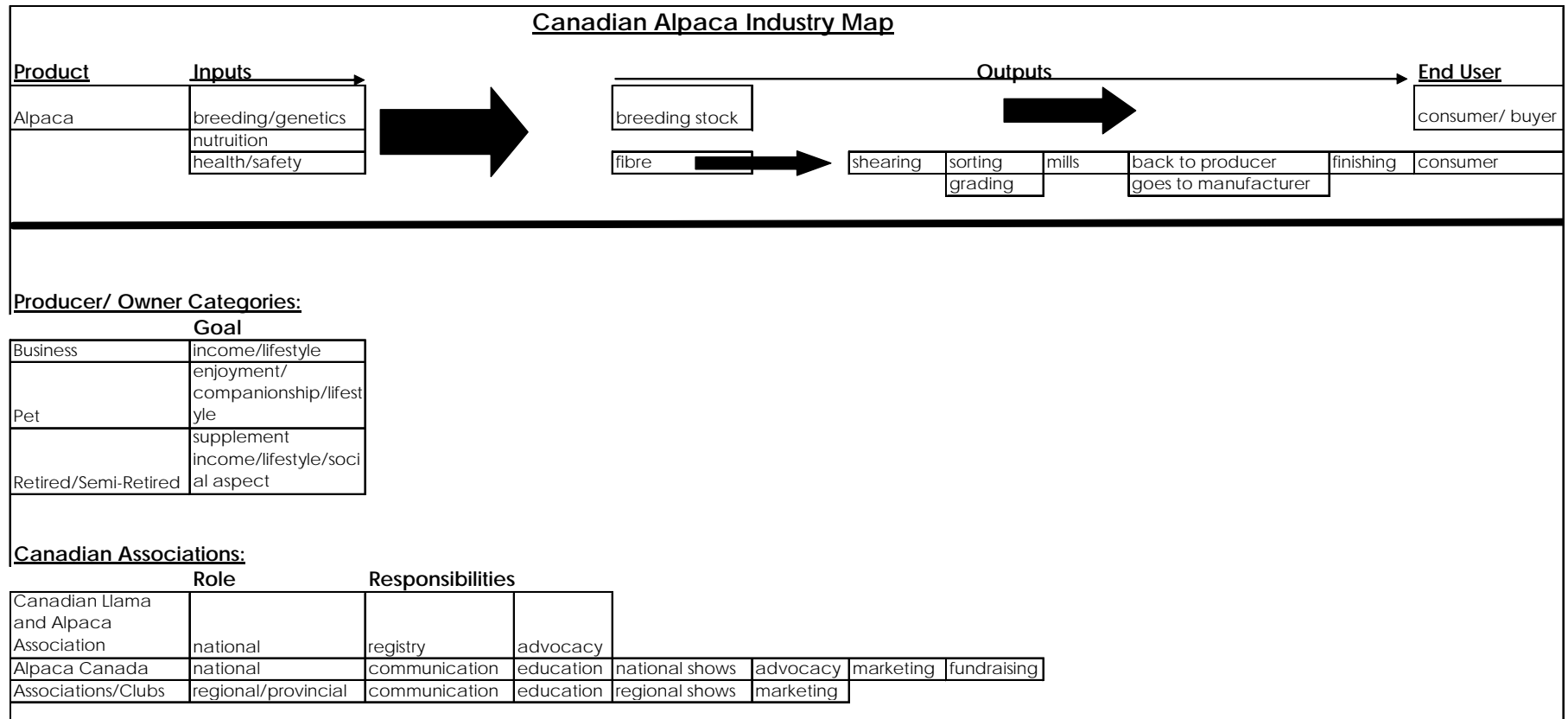
- Leveling off of the US alpaca industry (due to high prices that do not equate to quality).
- Government funding discontinued.
- Diseases that could destroy our herds.
- Members not renewing memberships.

### **2.4 Alpaca Industry Map**

The Canadian Alpaca Industry Map is illustrated on the next page. It is important to visually outline the inputs and outputs of the industry, by product category, mainly breeding stock and fibre.

The main reasons people invest in the alpaca industry include: for business reasons, retired/semi-retired persons and for pets.

The main associations available in Canada for Alpaca owners are the national associations; CLAA and Alpaca Canada, and regional/local clubs. Each type of association provides different and complementary services to its members.



### 3. Industry and market analysis

#### 3.1 Characteristics of the Association

The Alpaca industry in Canada can be described as relatively new and experiencing high growth. The current governing body of the industry, Alpaca Canada (AC), was formed in January 2006 as a division of the Canadian Llama and Alpaca Association (CLAA) and as of June 15, 2007 has 407 members from across Canada. This association is a national association and represents members from across Canada.

Members of Alpaca Canada are involved in and have a voice in the future direction of the Canadian Alpaca industry. Currently, there are three membership options:

- Junior – children and youth, (3 members)
- Associate – interest only, (20 members)
- Owner/Producer, (384 members)

Members have access to all or some of the following benefits depending on the option chosen:

- AC Newsletter
- The Canadian Alpaca Guide
- The 2007 Alpaca Canada calendar
- Paid subscription to the CQ magazine (2007)
- Listing on AC Website (in "members only" section)
- Access to members-only section of the website
- Eligible to participate in AC Stud Auction
- Eligible to vote on AC issues
- Includes CLAA membership and voting privileges for registry matters
- Eligible to subscribe to Visit a Farm Web page
- Eligible to advertise in Marketplace
- Permission to use AC logo on your website [www.alpacainfo.ca](http://www.alpacainfo.ca).

Alpaca Canada's Committee members and Board of Directors are an enthusiastic group determined to represent the needs of both large and small herd owners. Some of their initial accomplishments include:

- Setting up the AC website
- Alpaca Canada Annual Stud Auction raising funds for AC endeavors & research
- Development of the Alpaca Canada Research Fund
- National Advertising - TV and print campaigns to promote alpaca awareness
- Alpaca Canada Guide (alpaca information and AC membership roster)
- Alpaca Canada Calendar (advertising for members & fundraiser for AC)
- Annual AGM and Conference rotating between east/west locations
- Alpaca Canada Sale & Futurity to be held in Orangeville, Ontario
- Accessed government funding for specific projects, including Annual Conference/AGM, development of an AC Business Plan, and fibre industry strategy
- Created and began publishing an Alpaca Canada Newsletter – "The Orgler"
- Veterinarian/husbandry education

## ***Alpaca Canada***

- Code of Conduct – working on proposed Code of Conduct for AC members
- Show Committee – currently developing an Alpaca Canada Show Rules System
- Fibre Committee:
  - created National Design Competition for up and coming Canadian fashion designers
  - working towards brand name/logo and quality control system
  - implemented national fibre inventory (an on-line raw fibre sales service)
  - created on-line 'Yarn Bin' to establish yarn inventory levels specifically for design competition garment construction and to assist AC members to sell their yarn inventory
  - coordinated discussions on problems/solutions of industry

According to AC members that participated in the survey for this Business Plan, the value of the association includes:

- a national body
- communication/networking platform
- marketing platform
- centre of learning
- national registry<sup>2</sup>

### **3.2 Characteristics of the Herd**

One of the most appealing aspects of alpaca ownership is their ease of care. They are generally shorn annually in the spring with conventional sheep-shearing equipment or hand shears. The first baby clip fetches a premium price in the marketplace because of its extra fineness.

There are two types of Alpaca - Huacaya and Suri. The Huacaya fibre type is more prevalent, making up over 80% of the herd. Huacaya fibre is dense, crimped and has a woolly appearance. Suri fibre is long and silky and demands a premium price in the fibre market. Although the Suri type is rare, it is steadily growing in numbers.

The first Alpacas arrived in Canada in the late 1980's but most were imported into the country between 1992 and 1998. Since the inception of the industry, each animal in the registry has been blood-typed or DNA tested, thus providing the Canadian Alpaca industry with a great deal of credibility and respect. The size of the Canadian herd has been growing steadily since the first major import wave.

As of 2006 the CLAA had registered 16,817 Alpacas. Approximately 62% of the herd was female and 38% male.

Also, according to the CLAA, the majority of the Alpaca herd is located in the following provinces: Alberta (45%), B.C. (18%), Saskatchewan (16%) and Ontario (13%). These four provinces hold 92% of the herd in Canada.

From the Alpaca Canada Member Survey conducted for this business plan, many positive trends were noted for the alpaca industry including:

- Breeding stock. The Genetic evaluation program is excellent

---

<sup>2</sup> Alpaca Canada Member Survey, 2007. Paulson Cormier & Associates. page 1

## *Alpaca Canada*

- Fibre Market. Members are seeing a future for alpaca fibre
- Partnerships. Members see opportunities in the availability of mills and mini-mills for processing of fleece
- Education. Members and the industry are becoming more sophisticated, there is an increase in knowledge amongst owners/breeders about raising alpacas, defining "quality" animals and up-breeding
- Communication/networking platform. The industry is starting to work together to grow and build the infrastructure for a strong alpaca future
- Marketing. While the industry is still in the "push" mode, there are factors/trends that are beginning to emerge that will begin the pull cycle
- Advocacy.
- Registry. The registry is strong<sup>3</sup>

### **3.3 Characteristics of the Industry**

The Canadian Alpaca industry is best described as relatively new and experiencing a strong growth phase. Like any young industry in a high growth period, the Canadian Alpaca industry is experiencing typical growing pains. These characteristics are not limited to the Alpaca industry but are common occurrence in any new industry:

- Lack of group cohesion.
  - The industry is extremely diverse. Owners and breeders from across the country tend to focus their energies and resources on differing aspects and priorities of the industry, including (but not limited to) animal livestock, genetics, marketing, shows, fibre, fibre development and animal byproducts. Additionally, individual member knowledge and experience is as broad as Canada itself, and registry issues tend to exacerbate an already complex situation. Unifying the industry is, as the membership can appreciate, Alpaca Canada's greatest challenge.
- Differing goals and direction of the industry as a whole.
  - Fibre production is seen as the main profit driver of the Alpaca industry in the future. Currently, however, breeding is the focal-point of industry literature and the major priority for many owners and breeders.
- Underdevelopment and lack of education/knowledge about the supply chain.
  - Producers are storing fibre instead of utilizing their annual clip.
- Lack of established infrastructure and procedures relative to the value added process.
  - Currently, the majority of owners see value in breeding Alpacas. There are no clear procedures or signals from Alpaca Canada describing the necessary steps and value associated with fibre production and sales (commercial fibre industry).

Due to the current pricing situation in the US and possibility of a leveling off in prices, the Canadian Alpaca industry should be aware of the potential repercussions to the Canadian herd. Now is the time to develop important global partnerships and relationships in this emerging industry.

---

<sup>3</sup> Alpaca Canada Member Survey, 2007. Paulson Cormier & Associates. pages 7-9.

## ***Alpaca Canada***

Industry practice combined with political and economic history between the US and Canadian markets have led to the creation of two separate registry systems. Currently, 'double-registered' alpacas are considered to be worth more than 'single-registered' animals. In other words, if two animals have equal conformation and fibre quality, the 'double-registered' alpacas are deemed to be worth more than their 'single-registered' counterparts. It is thought that this price differential has to do with the perception of increased market size south of the border. As a point of clarification, 'single-registered' animals are registered with the CLAA only and 'dual' or 'double-registered' animals are registered with both the CLAA and ARI. Dual registered animals are often DNA tested and blood-typed in the US.

### **3.4 Industry Demographics**

The average owner sees Alpacas as a great investment opportunity. The investment potential of Alpacas has been rated as very important by both current owners (63%) and new buyers (72%) of alpacas in an "AOBA Member Survey" done by the AOBA Marketing Committee, April 2007. Given the similarity between the US and Canadian markets, the same or similar conclusions can be inferred about the Canadian market. Alpaca owners are typically older, between 45 and 60 years of age, and are well-educated. Nearly two thirds of owners hold university or college degrees. The average herd size is 14 animals. Although relatively small in number, herds of this size are easy to manage and care for. The main reasons cited for why people invest in Alpacas are:

- Fibre and breeding.
- Attractiveness of the animal.
- Hobby/ quasi-farming<sup>4</sup>.

The main industry attractor is the investment opportunity and profit associated with breeding stock and fibre sales. The appeal of raising and caring for Alpacas, either as a hobby or as a pet, are also very important reasons why people get into the Alpaca business. A number of potential investors simply fall in love with the animals and enjoy caring for them. Alpaca farming is also much less involved compared to other livestock farming and allows owners to enjoy a very comfortable lifestyle.

### **3.5 Economic Outlook**

The industry is new and is in a high growth phase. The number of registered Alpacas is rising as new buyers enter the industry and existing buyers increase their herd size. In 2006, 50% of US breeders said they had sold one or more Alpacas in the previous 12-month period, as compared to 40% in 2005.<sup>5</sup>

Alpaca fibre is also gaining a strong foothold in the apparel market as a durable and very fine fibre. "Latitude 15", an active wear outlet, is using Alpaca fibre in their outdoor collection. High fashion boutiques such as "Zenobia" are using alpaca fibre in their ultra high fashion collections. Alpaca apparel continues to be sold through Co-ops, private

---

<sup>4</sup> AOBA Member Survey. AOBA Marketing Committee. 2007. Slide No. 17.

<sup>5</sup> AOBA Member Survey. AOBA Marketing Committee. 2007. Slide No. 28.

## ***Alpaca Canada***

specialty outlets and souvenir stores. In addition, Alpaca is also establishing a presence on the bigger, more popular fashion stage.

Fashion shows such as the one held in Arequipa, Peru at the International Festival of South American Camelids provide a world stage for the Canadian Alpaca industry. The show was attended by a number of internationally prominent designers and companies including Canada's Marissa Minicucci, exclusive designer of the high-end fashion line Msiamo.

The general trend in society to move towards more environmentally friendly and natural products favors the Alpaca industry. Environmentally, raising Alpacas is relatively non-invasive and requires very few non-natural inputs such as fertilizers or chemicals. Alpaca fibre is very durable and, at the same time, soft, pleasant to touch and above all natural. Furthermore, the fact that Alpaca meat is not eaten in North America adds to the overall positive image of the industry.

### **3.6 Legislation and Regulatory Issues**

AC is currently working on a Code of Conduct and disciplinary protocol for the Association. As the industry grows, a regulatory framework is required to maintain the high standards of the industry and deter any violations and provide operating guidelines.

The regulations and procedures regarding the importing of breeding stock from the US are unclear with regards to required medical tests. Importing rules should be made clear and allow for an easier and faster importation process. AC should work with the CLAA in lobbying the governments in order to facilitate trade.

### **3.7 Attracting New Customers**

The underlying key to attracting new customers is knowledge. The average customer is not aware of advantages associated with Alpaca fibre and Alpaca breeding stock. An educational marketing campaign focusing on both members and non-members would serve to increase consumer knowledge.

The marketing campaign must point out not only the advantages of owning Alpaca breeding stock, but also the advantages associated with Alpaca fibre. This is an important distinction that could potentially capture a new segment of the market. With any new product there are perceived risks for the potential consumer, and the marketing campaign must address those risks. In the case of Alpaca fibre products; safety, durability and quality issues need to be addressed. In case of Alpaca breeding stock; investment security, safety of the animal and pleasantness relative to ownership are key issues to be addressed.

Marketing campaigns employing a variety of media types and venues, including TV, press, fashion shows and the Internet would be most effective in educating the general public about Alpaca and raise awareness of the positive facts associated with Alpaca. In the past, trade shows have been the most popular marketing tool to attract potential investors. However, results of the AOBA survey indicate that " although trade shows are

the most popular marketing tool used, commercial websites and on-farm events are [the] most effective tools.”<sup>6</sup>

### **3.8 Critical success factors for the industry/association**

Until now, the CLAA, Canadian Alpaca Breeders Association (CABA) and Alpaca Canada have been successful in guiding the industry as it grows and develops. Future success of Alpaca Canada and the industry will depend on its ability to adjust to membership demands, attract new members, and move industry focus toward fibre production. The future key success factors include:

- Promote the Canadian Registry and the Canadian breed. It is essential to work together with the CLAA and other stakeholders to accomplish this factor.
- Develop a national marketing campaign designed to educate both members and non-members about Alpaca and Alpaca fibre.
- Import international breeding stock to prevent bloodline depletion. Adding new bloodlines is a key success factor for the long-term sustainability of the industry.
- Currently, there is a strong dependence on the US market. Forging global ties with other markets and international registries (e.g. Australia, New Zealand, etc.) in order to diversify will ease dependence on the US and may be a key strategic move as the industry develops further.
- Promote the implementation of the Genetic Evaluation Program (GEP). It could be a key factor in providing a scientific explanation for promoting Canadian-bred animals and the Canadian registry.
- Create a stable supply chain, which steadily feeds fibre into the production of consumer goods. Currently, there are gaps in the supply chain; there are few structures in place for breeders who would like to off load their fleece without being concerned with processing and marketing of finished goods.
- Create a respectable and ethical framework to deal with unwanted animals. Failure to do so is a major threat to the friendly and ethical image of the Alpaca industry.

---

<sup>6</sup> AOBA Member Survey, AOBA Marketing Committee, Slide # 40, April 2007.

## 4. Marketing

This section contains the marketing goals and strategies for Alpaca Canada. Based upon the mission and vision statements, analysis of the environment and SWOT, marketing goals for AC are divided into short and long-term goals. Goals are simple statements outlining what is to be accomplished through the marketing strategy.

The function of marketing goals is to promote growth and sustainability of the Canadian Alpaca industry.

There are four marketing goals AC should consider:

- **Connect with Members/Industry/Associations (Communication/Networking Platform)**

The Alpaca industry is quite new and the association needs to lead the charge to connect its industry, membership and other similar associations. This is necessary for effective communication and networking of the members and for stakeholders.

Strength in the industry and the association can be gained by forming alliances and working partnerships with other alpaca organizations.

The creation of a communication plan, to strategically link Alpaca Canada with other organizations, will provide a process to effectively disseminate and gather relevant information to encourage:

- Common Vision
- Cooperation
- Trust
- Commitment
- Positive Relationships
- Ongoing Communication

These elements will ensure the ongoing success of Alpaca Canada initiatives.

- **Building Capacity through Partnerships and Education**

A powerful aid that Alpaca Canada can provide its members and stakeholders is an environment of shared learning to facilitate industry growth and profitability.

Members are always looking for ways to improve their operation and value the opinions and experiences from their peers. The social side of being a member of AC usually leads to conversations of shared experiences (good and bad). This storytelling is a powerful way to share important and relevant business practices for the benefit of all alpaca producers.

AC can provide leadership to the producer and deliver relevant information regarding the "art of selling" and the "science of marketing" alpaca, on both the breeding stock and fibre sides.

## ***Alpaca Canada***

AC can provide leadership and provide the environment for the development of partnerships for the ongoing development & research and innovation of the fibre industry.

For the long term, the success of the alpaca industry in Canada will be dependant on the level of successful collaboration between all stakeholders.

- **To Provide a Marketing Platform for Members and Industry**

The association is the conduit for industry promotion to its members, stakeholders and its publics. It is important that AC promotes the industry by raising the profile and awareness of Canadian alpacas to several audiences including: producers, consumers, stakeholders (value chain) and regulatory and government organizations. Furthermore, AC provides a national voice which:

- Helps promote fibre and breeding stock, internally and externally
- Promotes Canadian alpacas
- Helps to increase sales in Canada and abroad
- Provides marketing tools for selling alpacas and alpaca products
- Provides an avenue to list and advertise individual farms

- **Advocacy for Industry Development**

Advocacy can be defined as attempting to convince another party to see things your way. For the alpaca industry there are several issues that impact the development of the industry: differing regional and individual priorities and single vs. dual registration of animals.

When dealing with these provincial/national/international political and registry issues, AC must partner with the CLAA to present a united front to governments/associations, etc.

AC should also collaborate with the regional clubs to provide support and promote a national view concerning member education, shows and marketing initiatives.

Markets for Alpaca Canada include breeding stock, fibre/fibre production and enjoyment/pleasure. A description of these markets appears below:

- **Breeding Stock**

This is how the industry initially started in Canada. The animal was imported into Canada, and then promoted and sold to interested parties across the country. Included in breeding stock are genetics and stud fees. The breeding stock and subsequent offspring needs to remain healthy to facilitate industry growth.

- **Fibre/fibre production.**

## ***Alpaca Canada***

The animal is known world wide for its fibre. Some producers are interested in making products from this fibre such as socks and mittens; others are interested in having their animal sheared and then selling the fibre to a co-op or mill. The association must recognize the unique needs of their membership and provide support for whatever option the member chooses and is appropriate for them.

For fibre/fibre production to be viable the industry needs:

- Basic fibre statistics of the national herd such as: yield, fineness, quality
- An attractive price
- A Canadian brand
- Manufacturers need to be confident in the quality, supply and consistency for the fibre
- Compliance with the international standards for fibre

- **Enjoyment/pleasure**

Some members own alpaca for the pure enjoyment of the breed. They are interested in learning about the proper care and handling of the animal to ensure the animals' health and safety. They are also interested in the social aspects of alpaca ownership such as shows and meeting/networking with other members.

On the following pages the short term and long term goals and strategies for AC are presented.

Alpaca Canada Short Term Business Plan Strategy – Years 1 to 2		
Goals	Strategy	Tactics
<b>Connect with Members/Industry /Associations</b> (Communication/ Networking Platform)	Develop a communication plan for regular and consistent communications to all targeted audiences that promotes unification of the industry	<ul style="list-style-type: none"> <li>- Identify each target audience (members, stakeholders, and partners).</li> <li>- For each marketing goal and strategy, determine specific messages and strategies to reach each target audience.</li> <li>- Consider how to include French in communication materials. (work with a Quebec club)</li> <li>- Evaluate the effectiveness and adjust the communication plan accordingly (A good communication plan will create the right environment for allowing opportunities to happen).</li> <li>-continue with Newsletter, member bulletins, e-mail blasts.</li> <li>- continue website maintenance and updates.</li> </ul>
	Organize Association Conference	<ul style="list-style-type: none"> <li>- Organize annual Association conference with workshops.</li> <li>- Invite members, past members, government representatives, other associations.</li> <li>- Organize and schedule guest speakers who can expertly speak about:                             <ul style="list-style-type: none"> <li>• Breeding stock</li> <li>• Fibre/Fibre Products</li> <li>• Other opportunities</li> <li>• Presentation of the business plan.</li> </ul> </li> <li>- Agenda will be structured to create an environment for socializing, learning and sharing.</li> <li>- Promotion of industry to publics.</li> </ul>
		-Allocation of part-time project manager*
<b>Building Capacity through Partnerships &amp; Education</b>	Develop strategic industry partnerships	<ul style="list-style-type: none"> <li>- Seek out ways in which to productively work with other associations.</li> <li>- Join other like-minded associations.</li> <li>- Encourage other organizations to join AC such as Co-ops, regional/provincial organizations, etc.</li> <li>- Attend other association meetings/conferences to increase visibility.</li> <li>- Work together to increase the industry capacity.</li> </ul>
		-Allocation of part-time project manager*
<b>Provide Marketing Platform</b>	Promotion of the industry	<ul style="list-style-type: none"> <li>- Encourage association and clubs to work together to increase efficiency and effectiveness and national awareness.</li> <li>- Encourage members/industry stakeholders/associations to write timely articles appropriate for both the Canadian and International markets.</li> <li>- Submit articles to relevant Canadian and International newspapers, magazines, radio stations (e.g. Call of the Land), websites, etc.</li> </ul>

**Alpaca Canada**

		<ul style="list-style-type: none"> <li>- Follow up with media.</li> <li>- Evaluate publicity.</li> <li>- Communicate back to the membership and other partners</li> </ul>
	Breeding Stock	<ul style="list-style-type: none"> <li>- Educate members about improving the Canadian herd.</li> <li>- Educate members about health and safety of the animals.</li> </ul>
	Fibre/Fibre Products	<ul style="list-style-type: none"> <li>- Strongly educate and encourage members to process fibre.</li> <li>- Encourage members to support value chains and not compete.</li> <li>- Fibre Committee work to develop an Alpaca Canada Fibre brand, include producers/processors/manufacturers in the process.</li> <li>- Work with the Natural Fibre Centre – Olds College.</li> <li>- Develop promotional materials for the brand.</li> <li>- Advertise in appropriate media.</li> </ul>
		-Allocation of part-time project manager*
<b>Advocacy for Industry Development</b>	Set up Advisory Committee	<ul style="list-style-type: none"> <li>-AC will set up an Advisory Committee to oversee, monitor and evaluate the alpaca marketing programs, including long range planning.</li> <li>- The Advisory Committee will endeavor to meet with key industry stakeholders and key industry associations over the year and report to membership.</li> </ul>
	Provide one voice for the members to the publics.	<p>Advocacy action plan:</p> <ul style="list-style-type: none"> <li>- Inform, engage and mobilize membership to support initiatives.</li> <li>- Move concerns forward in concert as necessary.</li> <li>- Partner with the CLAA on the issues.</li> <li>- Evaluate progress.</li> <li>- Report to membership.</li> </ul>
		- Allocation of part-time project manager*

\*Key to the success of the implementation of the program is the hiring of a part-time Project Manager to facilitate the activities outlined above. In addition to the volunteers; estimated cost is \_\_\_\_\_ for a 12-month, part-time Project Manager. A Project Manager is necessary to facilitate the programs suggested in the marketing strategy. S/he should have marketing, association, and project management expertise and experience. The Project Manager would be responsible for implementing the business plan, preparing budgets and reporting to the industry task force/board of directors on an ongoing and timely basis.

Alpaca Canada Long Term Business Plan Strategy – Years 2 to 5		
Goals	Strategy	Tactics
<b>Stay Connected to Members/Industry/Associations</b> (Communication)	Annual update of communication plan	<ul style="list-style-type: none"> <li>- Marketing committee and Project manager to review communication plan</li> <li>- Adjust to reflect needs for upcoming year</li> <li>-Continue with newsletter, member bulletin, e-mail blasts.</li> <li>-Regular website updates.</li> <li>-Travel allowances</li> </ul>
	Organize Annual AGM	<ul style="list-style-type: none"> <li>- Continue to focus on “Building Capacity” with educational sessions</li> <li>- Promote through newsletters, e-mails, conversations, etc</li> <li>- Evaluate Event</li> </ul>
	Continued Initiation and promotion of shows	<ul style="list-style-type: none"> <li>- Continue to organize shows as a way to promote the industry through awareness</li> </ul>
		-Allocation of part-time project manager*
<b>Annual Sub Total</b>		
<b>Building Capacity through Partnerships &amp; Education</b>	Create an environment to encourage partnerships/collaborations	<ul style="list-style-type: none"> <li>- Continue to collaborate with other associations to create and deliver an annual industry forum on the development of the alpaca industry.</li> <li>- Encourage/sponsor the development of value chains and research &amp; development.</li> <li>- Report to the membership.</li> <li>- Put on website, newsletter, etc.</li> </ul>
	R & D into new products/markets	<ul style="list-style-type: none"> <li>- with the growth of the fibre industry, markets will have to be researched and developed for meat, hides, and leather.</li> <li>- with increased herd size for fibre production, cull male animals and mature females may offer additional product development opportunities.</li> </ul>
		-Allocation of part-time project manager*

<b>Provide Marketing Platform</b>	Promotion of the industry	<ul style="list-style-type: none"> <li>- Develop a marketing plan.</li> <li>- Continue to encourage members/industry stakeholders/associations to write timely articles appropriate for both the Canadian and International markets.</li> <li>- Submit articles to relevant Canadian and International newspapers, magazines, radio stations, websites, etc.</li> <li>- Follow up with media.</li> <li>- Evaluate publicity.</li> <li>- Communicate back to the membership and other partners</li> </ul>
	Breeding Stock	<ul style="list-style-type: none"> <li>- encourage breeders/owners to participate in genetic evaluation and breed improvement programs.</li> <li>- continue to educate members about improving the Canadian herd.</li> <li>- Continue to educate members about health and safety of the animals.</li> </ul>
	Fibre/Fibre Products	<ul style="list-style-type: none"> <li>- Continue to promote the fibre/fibre products in a unified fashion.</li> <li>- Encourage Fashion competitions with the fibre.</li> <li>- Build on brand recognition.</li> <li>- Advertise in appropriate media.</li> </ul>
		-Allocation of part-time project manager*
<b>Advocacy for Industry Development</b>	Continue Industry Task Force	<ul style="list-style-type: none"> <li>- The industry task force will continue to monitor and evaluate the marketing programs</li> <li>- The industry task force will also meet with key industry stakeholders and report to membership.</li> </ul>
	Continue to Provide one voice for the members to the publics	<ul style="list-style-type: none"> <li>- AC is the national association</li> <li>- Continue to Inform, engage and mobilize membership.</li> <li>- Move concerns forward in concert with the other associations.</li> <li>- Communicate to the membership.</li> <li>- Continue to support (and collaborate with) the efforts of other associations on Advocacy issues as they arise.</li> </ul>
		-Allocation of part-time project manager*

Continued support from a part-time Project manager is required for implementation of the Business Plan for the remaining 4 years. Estimated cost is \_\_\_\_\_ per annum.

## 5. Operations

Alpaca Canada's head office is in Calgary, Alberta where office space is shared with the CLAA and Llama Canada. The association provides services to its members which are located across Canada.

Seven working committees were established during the first year of operations. The Committees include: Advertising/Marketing; Communication/Membership; Industry Sponsorships; Research/Education; Government Relations; Fibre/Products and Alpaca Shows.

All Committees report to the Alpaca Canada Board of Directors.

- **Advertising/Marketing**

Goals are:

- To create opportunities and programs for membership participation i.e. promote their ranches & farms;
- to raise advertising dollars to fund multi-media national advertising programs;
- to promote the alpaca industry to the general public and attract interested parties to our website;
- to maintain the 'visit a farm' webpage and promote participation by the membership; and
- to create and promote advertising opportunities and publish the annual Canadian Alpaca Guide as an information package for distribution through website inquiries, alpaca shows and other alpaca related forums.

- **Communication/Membership**

Goals are:

- To facilitate communications among the members of Alpaca Canada; between members and the organization itself including the Board of Directors, all working Committees and staff.

Current initiatives include:

- Newsletter: published 3 times yearly
- Website: regular updates (in collaboration with other Working Committees)
- Monthly Email Blast: regular email announcements from the Board of Directors reporting on current activities of AC.
- Correspondence: in collaboration with AC Chair & Board of Directors facilitate communication with membership.
- Distribute information to general public as well as new or potential alpaca breeders (AC promotional materials).

- **Industry Sponsorships**

Goals are:

- To research possible sponsors of Alpaca Canada;
- to prepare necessary presentations and paperwork for prospective sponsors that the Alpaca Canada board has approved; and
- to present these presentations and paperwork to the board before submitting to the prospective sponsor.

## *Alpaca Canada*

- **Research/Education**  
Goals are:
  - To administer the research fund established by Alpaca Canada; and
  - to provide education to the members of Alpaca Canada, and the general public based on research findings and available information.
  
- **Government Relations**  
Goals are:
  - To liaise with government in order to provide government awareness of the alpaca industry in Canada; and
  - to seek out government funding opportunities federally and provincially for Alpaca Canada and other alpaca organizations in Canada.
  
- **Fibre/Products**  
Goals are:
  - To connect Alpaca Canada members and inspire enthusiasm in Canadian alpaca fibre;
  - to educate, motivate and promote the Canadian alpaca fibre industry; and
  - to demonstrate the what, where, when, why and how of alpaca fibre.
  
- **Alpaca Shows**  
Goals are:
  - To renew the "CLASS" shows rules and create an effective and efficient new show for Alpacas in Canada: halter, composite and fleece rules that can be adopted by Canadian Alpaca show committees to unify and set a high standard for the Canadian show system; and
  - to regularly monitor and fine-tune the AC show rules as required.

The committees are comprised of volunteer members who lend their time and talents for the benefit of the membership and the alpaca industry at large. Continued committee support and involvement is essential to the continued success of both the association and the industry in Canada.

## **6. Human resources**

The association employs one person part-time as the office administrator. This employee shares her time with the Canadian Llama and Alpaca Association and Llama Canada. This arrangement is analyzed on an annual basis.

Seven volunteer members comprise the active, hands-on board, which meets via a conference call on a monthly basis. In addition to the board, seven committees are in place which are filled by volunteers of the association.

## 7. Financial

**ALPACA CANADA CORPORATION**  
**FINANCIAL STATEMENTS (Unaudited)**

SUNDAY, DECEMBER 31, 2006

**STATEMENT OF FINANCIAL POSITION**  
**(Unaudited )**  
**AS AT SUNDAY, DECEMBER 31, 2006**

2006			
ASSETS			
	GENERAL FUND	RESEARCH FUND	TOTAL
<b>CURRENT</b>			
Cash and bank	44,158	1,860	\$ 46,018
Accounts receivable	21,135	-	21,135
Inventory	2,372	-	2,372
Prepaid expense	1,358	-	1,358
	69,023	1,860	70,883
	69,023	1,860	\$ 70,883
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities	23,345	-	23,345
Deferred revenue	217	-	217
GST & PST payable	1,466	-	1,466
	25,028	-	25,028
	25,028	-	25,028
<b>NET ASSETS</b>			
<b>UNRESTRICTED</b>	43,995	-	43,995
<b>RESTRICTED</b>	-	1,860	1,860
	43,995	1,860	45,855
	69,023	1,860	\$ 70,883

**STATEMENT OF OPERATIONS**  
**(Unaudited)**  
**FOR THE YEAR ENDED SUNDAY, DECEMBER 31, 2006**

	<u>2006</u>		
	GENERAL FUND	RESEARCH FUND	
<b>REVENUE</b>			
Membership fees	48,394	-	\$ 48,394
Alberta government grant	15,000	-	15,000
Auction bid revenue	16,738	1,859	18,597
Conference revenue	42,521	-	42,521
Donation receipts	3,216	-	3,216
Sales - advertising	51,100	-	51,100
Sales - items	927	-	927
Other revenue	7,807	1	7,808
	<u>185,703</u>	<u>1,860</u>	<u>187,563</u>
<b>COST OF SALES</b>			
Purchases	3,180	-	3,180
Ending inventory	<u>(2,372)</u>	<u>-</u>	<u>(2,372)</u>
	<u>808</u>	<u>-</u>	<u>808</u>
<b>EXPENDITURES</b>			
Advertising	19,619	-	19,619
Bank charges	216	-	216
Casual labour	1,131	-	1,131
Credit card charges	1,228	-	1,228
Conference expenses	41,242	-	41,242
Courier & postage	713	-	713
Equipment rental	930	-	930
Insurance	805	-	805
Professional fee	1,200	-	1,200
Miscellaneous	237	-	237
Office supplies	4,560	-	4,560
Production design & printing	27,748	-	27,748
Rent	6,260	-	6,260
Repair and maintenance	75	-	75
Travel	8,899	-	8,899
Telephone	5,833	-	5,833
Wages	18,019	-	18,019
Web site expenses	2,185	-	2,185
TOTAL EXPENSES	<u>140,900</u>	<u>-</u>	<u>140,900</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>43,995</u>	<u>1,860</u>	<u>45,855</u>

STATEMENT OF CHANGES IN NET ASSETS  
(Unaudited)  
FOR THE YEAR ENDED SUNDAY, DECEMBER 31, 2006

---

---

	UNRESTRICTED	RETRICTED	<u>2006</u>
<b>BALANCE,</b>			
Excess of revenue over expenses	43,995	1,860	<b>45,855</b>
<b>BALANCE, end of year</b>	43,995	1,860	<b>45,855</b>

---

---

STATEMENT OF CASH FLOW  
(Unaudited)  
FOR THE YEAR ENDED SUNDAY, DECEMBER 31, 2006

---

---

	<u>2006</u>
<b>CASH FROM OPERATING ACTIVITIES</b>	
SOURCES	
Membership fee	\$ 48,394
Alberta government grant	15,000
Auction bids revenue	18,597
Conference revenue	42,521
Sales - advertising & other	3,216
Donation receipts	52,027
Other revenue	<u>7,808</u>
	<u>187,563</u>
USES	
Expenditures from operations	(141,708)
Changes in accounts receivable	(21,135)
Changes in inventory	(2,372)
Changes in prepaid expense	(1,358)
Changes in accounts payable	23,344
Changes in deferred revenue	217
Changes in tax payable	<u>1,467</u>
	<u>(141,545)</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	46,018
<b>CASH FLOW FROM FINANCING AND INVESTING ACTIVITIES</b>	
<b>(DECREASE)INCREASE IN CASH</b>	<u>46,018</u>
<b>CASH FLOW, end of year</b>	<u>\$ 46,018</u>

## 8. Risk management/keys to success

With every business operation, there are a certain number of risks. It is important to acknowledge these risks and describe how the association can overcome them.

We have identified six main risks that Alpaca Canada should be aware of and keys to success that are necessary for resolution.

<b>Risk</b>	<b>Keys to success</b>
Differing regional and individual priorities causes division in the membership.	Promote that AC provides "one voice" of the industry to members, stakeholders and publics.
Single vs. dual registry of animals, causes pricing variance of animals and exacerbates divisiveness amongst the membership.	Support CLAA international registry marketing initiatives and promote the CLAA Genetic Evaluation Program.
Closed registry causes pressure on genetics	Opening up of the registry
Improper husbandry practices causes poor animal health	Educate members on the raising of healthy animals
Insufficient fibre volume to grow the industry	Education and promotion to members on the growing of healthy fibre and the options available for production. i.e. co-ops, private mills, etc. and international standards of fibre.
Funding required for the association, causes cash flow stresses	Ensure that proper funding is accessed and allocated to the association.
Volunteer burnout and stress	Properly recognize the hardworking volunteers and ensure that the membership is educated on the association roles and duties so member volunteers are willing to take on projects/positions. Send thank you letters to all volunteers at year-end.

## **9. Action plan – short term**

The following table outlines the short term implementation schedule for Alpaca Canada.

## Short-term Implementation Schedule – Year 1

Implementation timetable for short-term initiatives (Jan 2008 – Dec 2008).

Initiative	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Re-evaluation of committees and agree on roles and responsibilities	✦											
Creation of the Advisory Committee	✦											
Hire part-time project manager		→										
Develop communication plan			→									
AC Code of Conduct				→								
Fundraising/Grants research and applications												→
Regular Updates and Maintenance of web site	✦	✦	✦	✦	✦	✦	✦	✦	✦	✦	✦	✦
AC to develop & promote networking and education/seminars with membership and stakeholders												→
Develop more active collaboration with other Associations and clubs												→
Encourage members/stakeholders to write articles, etc. for publicity										→		