

HOW TO WRITE A GREAT BUSINESS PLAN

As you sail the oceans of opportunity, you want your sails making the most of the winds and the rudder pointed in the right direction. You want at frequent intervals to know that you are headed in the right direction. If not, you need to have the means to do a course correction. You should be able to ride out any storms which come your way. You should have enough supplies to make the journey and also adapt on the way if required.

A good business plan does this and more.

What is a business plan?

A business plan, as defined as a “written document describing the nature of the business, the sales and marketing strategy, and the financial background, and containing a projected profit and loss statement.”

One of the most important exercises to go through in the start-up of any business is the creation of a business plan, and this is just as true with franchised businesses as with any other. The discipline of preparing the business plan forces you to anticipate and think through a number of questions about the challenges you'll face and the expectations you have for your new business. The creation of your business plan is also essential if you need financing from any third-party source, since this is probably the first document any such financing source will ask you for.

In a franchise business, you'll probably find that the preparation of the business plan is substantially easier than for any other type of independent business start-up. The franchisor typically has a great deal of verbiage readily available to include in the narrative portions of the business plan and includes much of the financial information you'll need.

By way of background, there are several sections included in a typical business plan, whether franchise or other. The main sections include:

1. Introduction.

A complete description of the business, including an identification of the product or service involved, the size and competitive nature of the market for the business, a description of the operational approach used to take the business to market, and the challenges and risks associated with the business start-up.

2. Management.

A description of the key management roles in the new business, including naming the persons who will fill the roles and providing background information on these people, such as resumes stressing prior experience relevant to success in the new business.

3. **Marketing.**

Explanation of how you're going to attract customers for the new business. This includes an explanation of the competitive advantages the new business would enjoy, an examination of the value equation related to the product or service as it relates to potential customers and, of course, detailed marketing and advertising plans for the business.

4. **Pro Forma Financial Projections.**

Income statements, cash flow statements and balance sheets that project the anticipated financial performance of the business when it begins operation. The statements should include extensive notes concerning all material assumptions used to prepare the projections. These projections should always be prepared on a **very** conservative basis, since it's not possible to project the unexpected delays or challenges that can occur with any new business start-up.

5. **Financing Needs.**

Regardless of the source of funding for the new business (even if all funding is coming from your savings), you should always prepare a section of the business plan related to financing needs. This section involves a complete analysis of all start-up costs related to the new business, including enough working capital to cover initial marketing plans and operating losses until the projected breakeven point for the business. The process of carefully detailing this information, even if you're not borrowing anything from an outside source, will better prepare you for whatever might happen as you get the business set up and operating.

Again, one of the advantages of a franchise business in relation to creating a business plan, is that most of this information is readily available from the franchisor. You will find that the Base Zero Support Office will provide you with helpful information to complete much of the narrative required.

Base Zero Support Office requires prospective franchisees to begin work and/or substantially complete their business plans prior to being approved as new franchisees in the system. The process of creating a business plan will force you to consider options and formalise your projected course of action in the new business. You'll typically identify several questions during this process that you can refer to Support Office to make sure you have a clear understanding of the franchise start-up prior to making a final decision to proceed with the franchise.

As a final note on this process, keep in mind that your business plan must be updated and fully finalised after completing the initial training for new franchisees. Regardless of how much research you do prior to becoming a new franchisee, you will almost certainly have a far greater understanding of factors like operational and marketing plans for the business after completing initial training. Take the time after completing initial training to carefully review your entire business plan based on your new knowledge, and you'll be as prepared as possible for your new franchise business to be off and running successfully.