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Should You Bring In A Consultant To Help Develop Your Business Plan?

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You've decided you need a business plan, but you've been struggling so much with it that you're ready to drop the whole thing. Now may be the time to ask yourself: should I complete the plan by myself or should I hire a consultant? If you decide to hire a consultant, what skills and qualifications should you look for? What services should they provide? Finally, how much should you expect to pay? Let's explore the answers.

How serious are you about the business? If you are just toying with an idea, or have not invested much time in research and planning, you may not be ready to think about a business plan. If you aren't committed to your business idea, you will just be wasting everyone's time --- and your own money --- by hiring a consultant at this stage.

Which is more precious to you: your money or your time? This sounds like a silly question, but it really isn't. Many entrepreneurs are unemployed or underemployed, and have lots of time but very little money. In that case, you must be judicious about the level of service you will need from a consultant. If you are a good writer, you can simply hire a consultant to guide and advise you, but do most of the writing yourself. This is an excellent use of your hard-earned money and will always be a good investment as long as you choose a real professional who understands your business. Keep in mind that good consultants are in high demand and charge accordingly. It is far better to budget for the planning phase and only hire someone good when you can pay their fees, rather than hire someone who doesn't know what they are doing and waste your money.

On the other hand, if you are fully employed, or have significant funds, you may be in the enviable situation of having more money than time. In this case, you should definitely hire a consultant to guide you through the business planning process, and maybe even write the business plan for you. However, if you want a useful business plan, recognize that you still need to be involved at every step of the process, and understand everything in the plan --- from the mission statement through the exit strategy. Otherwise you'll just end up with a very expensive paperweight.

Have you ever started a business before? If not, then you should definitely consider hiring someone to help you develop the concept, research the market and competition, construct realistic financial projections, and help you explore some of the risks involved. Furthermore, any business plan consultant worth his or her salt will be able to provide some guidance in setting up your company, finding office or retail space, etc. Generally, the consultant will refer you to



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trusted experts in each subspecialty (legal, real estate, accounting, insurance, etc.), or at least steer you in the right direction.

Do you need to obtain bank financing or other investment capital to start the business?

This is an area fraught with peril because you generally get only one shot when it comes to investors. If they don't like what they see the first time, they usually move on to the next opportunity. A professional consultant can increase your chances of getting funded, and your likelihood of succeeding once you get funded. The key here is to make sure the plan is based on reality, not fantasy.

What is the market potential for your business idea, and how much of that market do you want to capture? If the market is very large (say billions of dollars), and you want to grow the business to a sizeable percentage of this, then the risk of not getting things right from the beginning far outweighs the small cost of hiring a consultant to make sure you get it right. This is the one case where it never makes sense to "do it yourself". The key, however, is to hire someone who really adds value.

If you decide you need some professional help, then you need to consider a different set of questions.

What should you look for when you hire a professional consultant? First, and foremost, make sure they really are professionals. Look for the following:

Do they have a credible website?

Are they incorporated?

Do they do this for a living, or is it just a hobby?

Do they have satisfied clients and will they refer you to these clients?

Do they understand your business?

If the answers to all of these questions are "yes", then you might be in luck.

Do you feel comfortable with this person or group? The most successful arrangement is "collaborative". You need to have some give and take with the consultant. You should feel comfortable asking questions, and the consultant should be willing to answer your questions. If not, it just won't work. Beyond that, you need to trust this person (or group). If you feel they are playing games or don't listen, then walk away.

The same holds in reverse. If you withhold information from the consultant, don't return phone calls, or play some other sort of game, then you are wasting your time and money.

How many people will work on your business plan? If the answer is "one" then you may not get the highest quality work. No single individual excels at everything. In my experience the best results come when you have one person driving the project, but 2-3 others (with different skill



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sets) also involved. This is a case where you need one executive chef, but too many cooks spoil the broth.

What should you expect to pay? A professional business plan consultant will generally charge between \$3,000 and \$15,000 for a complete business plan (although there are cases where \$50,000 is justified). The low end applies for "simple" businesses such as a pizza shop, a small retail store, a hairdressing salon, etc. If your business plan involves new or complicated technology, unusual or multiple revenue streams, or requires significant investment capital, you should expect fees at the higher end of this scale. Often I find clients come to me claiming their plan is "simple". Once we start digging into the details, we find things are a little more complicated than they thought. A good consultant will have enough experience to figure out a way through the complexity and identify one or more possible solutions.

How can you save money and still ensure high quality? The key is to figure out what you know, and what you are good at. Then have a consultant help fill in the gaps. For instance, suppose you have a strong background in sales and technology, but have little expertise in marketing and finance. Then you should find a consultant who excels in marketing and finance. Of course they still need to understand almost everything about the business, but if you can focus on what you do best and have them fill in the gaps, you will save yourself some money and also end up with a much stronger business plan than if you did everything yourself.