

3

Ways to

Wrap Up Your

BUSY SEASON

— and —

MAXIMIZE DOWNTIME



3 WAYS TO WRAP UP YOUR BUSY SEASON AND MAXIMIZE DOWNTIME

Seasonal businesses can take on almost any size or shape, and can be located nearly anywhere. No matter where your business falls in that spectrum, you likely share the same challenges that all the other business owners see, along with the added question of how to manage a successful busy season and survive the downtime.

Whether you're running a boating marina in New England or a farm stand in Georgia, there are some important steps you can take to help make sure you finish off the season in good financial and operational health:



Cash Flow and Inventory Management

Stay on top of your revenues and expenses by using financial technology and build relationships with your vendors in order to maximize your buying power.



Hire and Retain Valuable Employees

Communicate and set expectations with your staff to keep them coming back year after year.



Diversify Business Offerings

Explore ways to expand your business to stay open all year

MANAGE SEASONAL CASH FLOW AND INVENTORY



One of the biggest challenges of any business, seasonal or not, is being able to effectively use the revenue earned to cover expenses to reinvest and grow the operation. This challenge is amplified for seasonal businesses by the fact that they rely on one part of the year to generate the lion's share of their earnings for the whole year. Despite this reality, there are some things that seasonal business owners can do to stay in good financial shape.



Use Accounting Tools to Formalize Money Management

Even the smallest of small businesses can greatly benefit from the use of an accounting or finance tool like QuickBooks to help manage their cash flow. One of the fastest ways to drive yourself out of business in any season is to lose track of expenses and let money slip out of your pockets through waste, overspending, or tax penalties. There are now a myriad of options available in this space, each with their own pros and cons, but most offer a relatively inexpensive (\$10 or less per month, in some cases) and easy to learn option to help you get started. You can use these tools to build in your annual budget so you know where you're tracking from week to week during the season and can make a solid plan to wrap up the busy time with enough cash on hand to survive the quiet stretches.



Inventory Management

Depending on the kind of business you're running, there is a good chance you will be nearing the end of your season with one or more excess items in inventory. For some businesses, this may not be a threat, but others will find inventory like perishable goods or consumables to be a crippling liability. If you have them available, review your sales records from years past. At what point in the season did your season begin to slow down? What items sold well and when? Plan your purchases with the end of season in mind. Vendor management will also help in this regard, as clustering many of your purchases with one vendor will give you both buying power and a strong relationship with that seller. You are more likely to receive discounts and be able to buy items in smaller quantities (open-case) when your vendors know you well.



Manage Cash in Off-Season

When your business winds down for the season and your employees have gone home, your money should keep working for you. Any cash reserves to be held over the off-season shouldn't be placed into a standard bank account. At the very least, an interest-bearing savings or checking account will pick up a few dollars in interest through the downtime. Better still, there are many short-term certificates of deposit (CDs) that earn higher interest rates than standard deposit accounts. Many banks will offer special rates and promotions for accounts opened with certain amounts of money deposited, and several can be found and opened online.



Putting It All Together

No matter the size of your business or the season you focus on, financial planning and even light accounting will greatly benefit your bottom line. Some of the most affordable finance and accounting software will also offer a basic inventory management tool, which can really help you track when and where you're seeing overruns on certain items. These tools can also give real-time insights into the cost of goods sold, helping drive vendor pricing negotiations and determining how you price your products or services.

HIRING AND RETAINING EMPLOYEES



It is no surprise to anyone that the most expensive and most difficult to replace resource you have are your employees. Like many other aspects of seasonal businesses, not being operational year-round will have major impacts on your ability to attract and retain committed employees. The nature of a typical hiring timeline means that you will not be able to begin recruiting very early before the season, and competition for seasonal workers becomes more and more fierce as the busy times approach. By communicating with your current employees and focusing on making your company into an attractive and fun place to work, you can start to build lasting relationships with high-value employees.



Communication

You've spent an incredible amount of time and money posting ads and interviewing people before the season begins, and you feel like you have really accomplished something. In reality, you may now have a staff, but they carry the same challenges that employees of year-round businesses bring: staff turnover, payroll demands, and expectations around hours and salary. Knowing that their term with your business is limited no matter how well they do, some people will be more inclined to pick up and leave at the first sign of difficulty. The nature of your business may also make it such that you are hiring mainly students or very young people, who most likely view your company as summer money rather than a career.

You can cope with all of those issues with planning and communication. Knowing that you are entering the season with a group of people that may not make it through the next few months, or may not return the following year, will help put your expectations in line with reality and will go a long way toward helping you manage the staff's expectations as well. Being up front with people during both the interview process and throughout the season will make it more likely that you retain them through the months that you are open and have first shot at them for the following season.



Keep in Touch

As your busy period begins to cool off (or warm up for those with winter businesses), you will want to make sure that you have up to date off-season contact information for your employees. This isn't to suggest that you should be calling them weekly, but a check-in conversation a few times over the downtime will keep you top of mind for them when they go to look for work next season. Send a birthday card, holiday card, or postcard when you think about it. Even the smallest gesture may mean the difference between a return employee and someone that is searching for a different place to work every year.



Bring Them Back with Bait

It may sound silly, but issuing even a small reward for coming back next season will do wonders to keep employees returning to your business season after season. This doesn't mean you have to give out jumbo checks and make huge payouts every year, more that something like a small sign-on bonus when folks agree to come back by a certain date is a great place to start. When people begin thinking about their need for a job next season, knowing that they will get a check from you when they sign back on can really make a difference.

All of this is in an effort to help you predict the number of people you'll have returning every year. At the very least, retaining a few key employees provides a foundation on which to build as they can help to train your new staff, using their institutional knowledge.

DIVERSIFY YOUR BUSINESS



This one might not be a decision you can take on late in the season. It should be made as a conscious decision, rather than a reaction to an unproven trend (sales are down for one season, etc.).

Seasonal businesses are seasonal for good reason. In New England, there is probably little demand for ice cream between October and April. Likewise, in Florida, sweaters and beanies aren't a hot commodity for most of the year. If you're focusing on a product or service that is only really viable during certain times of year, you may want to look at ways you can extend your season to operate year-round. This does not mean finding ways to market ski wear in July, but may mean looking at your existing capacity and equipment to find ways you can remain in business for longer periods of time.



Running Year-Round

Whether you are expanding on the things that your business already does or entering a new market altogether, having the ability to generate revenue during times that you were traditionally closed is a game changer. Hiring staff becomes less of a guessing game, as you can keep people on board permanently. Facilities and equipment are utilized more regularly, which can increase costs of maintenance, but also means that they are helping you earn money in the months that they previously sat dormant.



Proceed with Caution

There are some considerations to be made, however, before jumping into a year-round operation. You may need additional licenses to operate in a steadier capacity or to sell different products. There may also be greater costs associated with being open longer, and you may need to either borrow or otherwise generate cash to fund the expansion until your customers catch on to your new operating scheme. You should treat this new portion of your business as a startup that may not produce any tangible income for a while after opening.

Making the call to diversify and offer other services or products outside of your core items should be made with an eye on the future, as expansion can negatively impact your existing operations if not executed carefully. Many owners will take small steps toward a year-round operation by opening on special occasions or for short periods during their normal offseason.