Plan Now to Survive the Seasonal Sales Cycle

**SCORE** counselors assist many small businesses in south east Minnesota that depend on a “seasonal” cycle. These seasonal businesses devote a large part of the year preparing for those special weeks or months when most of their revenue is generated. For many retailers the holidays are boom time. Fitness centers soar in January and sag with the summer exodus. Some businesses sell more when the weather warms, the tax or wedding season arrives or tourists travel.

Those boom times come at a price—financial survival throughout the remainder of the year when business slows to a trickle. What can a business owner do to help them through the rest of the year? That is the focus of today’s column.

To help smooth the bumps it will be important to create a tight budget and stick to it throughout the year. Consider creating a special cash reserve account for use only in leaner months. Set money aside whenever you can. Creating a cash flow forecast will help you identify patterns and see what you are up against. Include a worst-case plan to anticipate any nasty shocks.

Operating a seasonal business also requires that you plan and use your time more efficiently than other business owners. Some periods may call for only 25-hour workweeks, while others go far beyond that. To make sure everything gets done and also avoid burnout, you’ll need to schedule your time carefully.

Put slower times to good use by using them to update your Web site, catch up on maintenance, strengthen customer relationships with personal contacts during this time, or develop a marketing plan and begin using it. You may want to employ only a small core of permanent workers and use temps or interns to fill in. Consider offering off-season sales or rates, and look for other ways to generate revenue during quieter periods. Maybe you can find or develop a complimentary business that will allow you to use your company skills, equipment, space, etc to produce another product or provide another service that will meet customer needs. Have you asked your customers for ideas?

Owners of seasonal businesses can also take advantage of CAPLines, SBA-guaranteed short-term loans designed to help small businesses meet short-term and cyclical needs for working capital. The loans usual require that you are able to demonstrate that your business has established a definite pattern of seasonal activity. Eligibility is based on the size and type of business, how the loan will be used, and the availability of funds from other sources. To learn more about CAPLines, go to the SBA website and follow this track of links: [www.sba.gov Home > Financial Assistance > For Borrowers > Guaranteed Loan Programs > 7(a) Loan Program > Special Purpose Loans > CAPLines. You will notice that CAPLines is an umbrella program that helps small businesses meet their short-term and cyclical working-capital needs. It features five lines, one of which is “Seasonal”. Borrowers must use the loan proceeds solely to finance the seasonal increases of accounts receivable and inventory (or in some cases associated increased labor costs); it can be revolving or non-revolving.

To learn more about operating your seasonal business, contact **SCORE** "Counselors to America's Small Business." For example, A **SCORE** counselor can assist with developing a spreadsheet for a cash flow forecast that will help a seasonal business plan for the year. These volunteer counselors provide free, confidential business counseling as well as training workshops to small business owners.

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Web Links related to this article:
For information on CAPLines loans: www.sba.govHome > Financial Assistance > For Borrowers > Guaranteed Loan Programs > 7(a) Loan Program > Special Purpose Loans > CAPLines.