

Ask SCORE

Sales at my specialty toy store are extremely seasonal, with the vast majority of revenue coming in the last quarter of the year. Surviving until the holidays has long been a challenge. What can I do to make the rest of the year less of a high-wire act?

For many retailers, the holidays are time when they encounter a huge spike in business. Seasonal businesses dedicate a large part of the year preparing for those certain weeks or months when most of their revenue is generated. Some businesses sell more when the weather warms, or when tourists travel.

Those boom times come at a price—financial survival throughout the remainder of the year when business slows to a trickle.

To help smooth the bumps, it will be important to create a tight budget and stick to it throughout the year. Create 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 website, catch up on maintenance, strengthen customer relationships or write marketing plans. 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 ways to generate revenue during quieter periods.

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. To qualify, your business must have 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, click Financial Assistance under the Services section of www.sba.gov, then go to Special Purpose Loans.

This column is brought to you by the Southern New Hampshire Chapter of SCORE, with more than 70 current and former business executives available to provide free, confidential, one-on-one business mentoring and training workshops for area businesses. Call 603-666-7561 or visit www.score-manchester.org for information on mentoring, upcoming workshops and volunteer opportunities. SCORE is a national, non-profit organization and a resource partner of the U. S. Small Business Administration.

Have a question you'd like answered in this column? E-mail it to info@score-manchester.org, with "Ask SCORE" in the subject line.