Small-Business Advice

3 Leaders Offer Tips

Back to Basics

► You really have got to go back to basics and be efficient in how you employ your working capital and watch your expenses. You can’t be making mistakes now in business.

► Since it’s going to be tough to grow that top line, one area business owners can focus on is expenses. Business owners should sit down and examine their expense history over the last five or six years and see what expenses are getting out of hand, see how they can reduce them or flatten them out in 2013 so that expense in itself doesn’t erode their bottom line. In slow times, expense is critical. You have to do a review of all your positions to see if you need all the people involved. The top line is not growing so you don’t want to erode the bottom line.

► It’s probably going to continue to be tough to borrow money so you want to watch where your working capital is employed. Do you really need that much inventory? How do you increase your inventory turns? Go back and analyze your sales of the last 120 days and make sure your inventory turns in those products are at least with industry trends. In these situations of no growth, try to use working capital as efficiently as possible. You don’t want inventory items that aren’t selling for over 12 months. That’s unused working capital you can use in other parts of your business.

► You don’t want to be doing cleanup in June. You want to be doing it now. In the first few months of the year, you want to focus on the issues and not in July and August, when you’ve lost half the year.

► In order to grow, most businesses are going to have to take businesses away from competitors in 2013.

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Chairman, CEO
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Getting Help

› Don’t start and run a small business alone. In the state of Florida, we’ve got 39 small-business development centers, 23 chapters of SCORE (Service Corps of Retired Executives.) We’ve got Procurement Technical Assistance Centers. If you want to do work with the state, federal or local government, they will connect you and let you know what opportunities exist across the board. We have eight of those statewide. We have five statewide women business centers. You have four different options to get some guidance, get some direction. The best part about them is there’s no cost to talk to anyone. And that doesn’t exclude our district offices.

› You don’t always have to pick up the tab. You can rely on our loan products. Our loans are up to $5 million. There’s a lot of good working capital in there. We have microloans. Lenders are here to help. Something that’s special in the state of Florida is we have a lot of veterans. We have a product, ‘Patriot Express,’ that’s specifically geared for our veterans. We had a record-breaking year — $11.14 billion in loans (in fiscal 2012) to small business in Florida.

› The U.S. buys over $400 billion a year, making it the largest buyer in the world. If you have a federal contract, you will get paid in 15 days.

› Run your business by the numbers. Don’t forget the bottom line. You have to understand where your money is going and what you’re doing with your money. Florida is a very seasonal state. When the seasons change, there are bottom-line changes. There might not be as many people buying items to go sail boating or purchase fruit. You can get some guidance from our partners on how to sustain yourself in those times.

› Networking is huge. We have many programs, training seminars. Many people are relying now on social media.

› Don’t forget a nice handshake will show people you’re serious about growing your business.

Cash Flow

› Spend money cautiously. Starve your way to success. Too many businesses start out with several hundred thousand dollars in cash flow and go through it in a year.

› Don’t hire staff just so you can be the manager. As you grow, keep the organizational chart compact. Hire and nurture only those managers who share your entrepreneurial bandwidth and believe in your company, and compensate them with equity. Success will yield rewards for all.

› Show a track record of frugality. As you raise capital beyond friends and family, investors want to see that you turned a little money into a lot of results. Build financial statements and a strong paper trail that will prove your point.