THE FIGHT FOR FREE TRADE

Miami’s Move

The battle to keep Florida’s status as the trade gateway to Latin America.
MANAGEMENT

SEASONAL SUCCESS

It takes creativity and planning to cope with ups and downs.

During the summer, restaurateur Mitch Walker’s business can be down as much as 40%. Walker, co-owner of a franchise group that owns Bennigan’s restaurants on Florida’s southwest coast, says, “In Naples and Bonita Springs, there are going to be huge swings.”

For many small businesses, even those that don’t rely on tourists, seasonality is a fact of life. “I’m always amazed at people who start a business and don’t understand their industry’s cycles,” says Alan Carsrud, a professor of entrepreneurship in the College of Business at Florida International University. “People don’t have a good understanding of their industries.”

Although building and servicing swimming pools is a year-round business in Florida, there are seasonal fluctuations in customer purchasing, says Donna Knox, co-owner of Knox Pools in Pompano Beach. She says business slows down in the winter because fewer chemicals are required to keep pools clean.

To counter the lack of off-season cash flow, Boca Raton CPA David Hirsch suggests taking the preemptive step of establishing a line of credit. “Don’t wait until you need it,” he advises.

FIU’s Carsrud also suggests making sure that the business has a cash reserve. “It’s always a wise idea to have two to three months of operating funds,” he says.

Overall, the key to seasonal success is thinking ahead. Says Hirsch, “If you know that you have five months a year that you bang out the dollars, what are you going to do for the next seven?” Decide on a plan and then stick to it, he says.

“A Plan for All Seasons

By planning and looking for creative ways to cut expenses and boost revenue, a small business will be better able to weather the off-season. A few ideas:

► DEVELOP A STAFFING PLAN. It’s often difficult to find the balance between keeping key employees during slow periods and balancing the books. “Too many people hire for the peaks,” says FIU professor Alan Carsrud. So it pays to be creative. Mitch Walker, co-owner of several Bennigan’s restaurants, cuts back on waitresses during the summer by encouraging working mothers to take time off to be with their kids. For kitchen workers, he cuts back on hours across the board.

► DIVERSIFY PRODUCTS AND SERVICES. Knox Pools co-owner Donna Knox says that her store has added a full line of backyard products, including grills, birdfeeders, flags, wind chimes and holiday gift baskets. This helps attract customers during the winter months.

► MONITOR INVENTORY. Anticipate slow periods and order products accordingly. “We do our food orders twice a week,” says Walker, noting that this lets the restaurant review recent sales receipts before buying food and beverages.

► RUN SPECIAL EVENTS. To get customers into the stores, Knox Pools holds a customer appreciation weekend each year in early March. There are “pool schools” with free product samples, drawings and giveaways, a spread of food and face paintings for children.

► USE COUPONS AND PROMOTIONS. Knox sends postcards with percentage-off deals to good customers. She also advertises in community newsletters, magazines, restaurant placemats and the Yellow Pages, including the Gay Yellow Pages this year.

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— Professor Alan Carsrud, Florida International University