



Seasonal Businesses Face Unique Challenges .

A seasonal business is inherently more difficult to manage than any other type of business, largely because of the unique challenges they face. When the bulk of income is received during a short time frame — often within just a few months — it is critical that seasonal business owners be diligent in developing an objective, analytical business plan and revisiting the plan several times throughout the year.

The process is often complicated by a false sense of security that exists at a time when there doesn't seem to be enough hours in a workday and plenty of cash coming in. It isn't until business slows and the cash flow dries up that the realization occurs: an objective business plan is an important tool that can mean surviving — even thriving — next year. With the lessons of the previous season still fresh in mind, now is the time to take a good hard look at the 2009 season. Use the off-season to strategize, and if you don't have one, develop an objective marketing plan. Explore other revenue streams to help even out the peaks and valleys of this type of business. Consider expanding your current product offerings to maximize equipment utilization and the skills of your workforce. The most immediate need will be to create a cash cushion for unexpected events during the next off-season when income is scarce. An adequate stockpile will also be necessary when the busy season starts and operating expenses spike prior to receipt of new income.

Off-season activities

The off-season is also when most equipment repair and maintenance work is performed in preparation of another busy season. Even for companies who perform the bulk of this work themselves, parts and labor expenses will be incurred. And if your business plan calls for adding new or replacing aged equipment, a healthy nest egg should be in place to cover such costs, so that any expansion plans won't be compromised by lack of funds.

This is also the time to identify new prospects and secure additional customers for the 2009 season. Conduct in-depth research about each prospect and prepare proposals specific to how the products and services you offer could help them grow their businesses. While this process can be exciting and time consuming, do not neglect your current customers, the foundation of your success. As a seasonal business, be guaranteed that your competitors will be knocking on their doors.

Even if you have secured long-term contractual agreements, communicate with them. This is especially important at the time when you aren't as visible and others come courting. Develop a concise, informational newsletter. Drop them an occasional e-mail. Send them a personal note or postcard. Let them know that you are excited to work with them again in the upcoming season. Inform them of any plans for expansion or new equipment purchases. Let them know you value their business.

Evaluate your workforce

In a business that ebbs and flows, so does its workforce. The No. 1 challenge of a seasonal business is to maintain a good core labor force that can be relied on and possesses skills that provide value, even during the off-season. Identify those workers you simply can't afford to let go. These should be considered critical employees who have the experience and knowledge that would be difficult for less skilled, seasonal workers to attain without investment in training. Consider also those on your payroll who have secured relationships with current customers and the risk this would pose if they were to depart.



Collections

If your company is carrying past-due invoices on the books, now is the time to get aggressive about collecting. You're not in the business of extending credit to your customers. Every unpaid balance that exceeds 30 days cuts into your profitability. Be tactful but firm in your effort to collect.

After several failed attempts, you may want to consider legal action. This course has obvious repercussions — most notably the expense of hiring a collection agency or legal counsel — not to mention likely loss of a customer. But remember that a sale is not a sale until you receive payment. Otherwise, it's a gift.

Changing economic times may also bring about changes in your customers' financial stability and resulting business practices. You will be well served to re-visit the credit rating of each customer before extending credit to them at the beginning of another busy selling season. So if someone who asks you for credit is in financial trouble, you should know it before doing business for another year. This may necessitate changing terms to a "cash up front" relationship. If these customers threaten to take their business elsewhere, let them. One of your competitors can take on the risk or absorb the loss.