

Surviving Another Winter

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My business is driven by seasons. I have a medium sized nursery and have a hard time making it through the winter months. I don't like laying off employees, but I find that I am really scraping the bottom of the barrel when February rolls around. Is it possible to keep on a more even keel or am I doomed to be lean once the Christmas season is over?

Dealing with ups and downs related to the seasonality of a business is a challenge for lots of business owners. Many products or services have built in seasonal cycles, times when sales are higher, times when sales are lower. As this owner has already identified, seasonality can make it much harder to run a stable, thriving business. There are things a business owner can do, to level out the business. And there are significant advantages for figuring out how to stabilize the business by leveling out the highs and lows.

We'll consider some ideas for making a business' cash flow more steady year around. We'll look at why this is important to do. And we'll talk about the payoffs, to the owner and to the business, for figuring this out.

If your business has seasonal cycles, the first thing you need to do is define the highs and lows. When do you have more business than you need, when do you start to see things slide.

When does your business hit bottom, and when do things start to turn up, again. If you're not sure, plot it out on a calendar. If you use QuickBooks, pull up a Profit and Loss Statement, by month, for the past 2 years. Export your Profit and Loss Statement to Excel, and use the graphing function to help visualize the highs and lows. Compare one year to the next, and you'll probably start seeing the trends.

Once you have identified the peaks and valleys, and when you head in and out of them, you're ready to start considering your options. The next two things you want to consider are your client base, and your product or service options. Let's start with the client base.

It's time to survey clients. What do they value about what you do, and what else are they looking for. You can stop by and ask clients to spend a few minutes talking with you. You can call clients on the phone, and schedule time to ask your survey questions. You can create a form and mail or email it to clients.

Some of the questions you want to ask include:

- Which services do you currently use (provide a list that they can check off)
- Which other, of the services we currently

provide, might you be interested in, in the future

- What other services might you be interested in, if we offered them (give a list, and also provide lines to write in suggestions)
- How do you rate our services
- Overall, how would you rate our services (use a 4 point scale, and define your scale, for example: 4 = love what you do, 3 = usually good, 2 = regular concerns, 1 = major room for improvement)
- Overall, how reliable are we at providing what we do (use the same type of 4 point scale)
- List the service that you consider most valuable
- List the service that you consider least valuable
- How could we do a better job of meeting your needs

When creating a questionnaire, you want to use a 4 point rating scale, not 5 point. On a 4 point scale, the customer has to choose left or right – indicating if they are or are not pleased. 4 and 3 indicate that they are pleased, and show the degree to which they are pleased. 2 and 1 indicate they are not pleased, and that you have work to do to improve.

Some business owners hesitate to do surveys, fearing that customers might indicate they do not appreciate the services provided. My view is, if the customers are not satisfied, you

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as the owner need to know that, so you can do something about it. My experience is, most customers are more satisfied than owners expect. Having data to work with, is generally better than not knowing.

If you do find that clients are less than satisfied with some or all of your services, it's time to figure out how to fix that. You may want to approach clients and ask them to define more specifically why they rated your services low, and what it would take to improve the rating. Pay attention, and do your best to not get defensive. Customers are giving you valuable information you can use to build a better, more profitable business.

If clients are satisfied with the services you provide, you can ask them for references. You can ask them what it is that they value most about the services your company provides and about your company overall. Make notes on what they say. Ask them if you can use their name, quoting what they said, in the future.

Now that you've created a client questionnaire and gathered data from your customers, it's time to look at products and services. Use customer suggestions as a place to start. Look at what competitors are doing to even out their businesses. Investigate products or services that are known to have peaks and valleys

that are opposite to the ones you have currently.

Make a list of what you've found. Look at each product or service, and evaluate it for ease of delivery, likelihood of generating a profit, applicability to your customers, competitive threats, and seasonal fit. You probably want to put a list up on the wall, so you can look at it, and think about it. Use a grid, with check boxes, to visualize how the answers to the above set of criteria fit together.

Pick two or three of the services to work on, first. Write a one page plan, for each one, defining how you would offer the service, what price range you would charge, what it would cost to deliver the service, how much revenue you'd expect to see years one and two. Detail what kinds of employee skills would be needed, to deliver the products or services, whether existing employees have or could learn those skills, and if you'd need to hire additional employees. List benefits to customers, and additional customers your might be able to attract. Because the focus is to balance out existing seasonal highs and lows, you also want to define the cycle of each product: when it would start to ramp up, peak, and ramp down.

You may find that you don't have all the answers, in which case you'll need to do some research. You may need to go back to

some of your customers to ask what they might value about the services you're considering. You may need to look up similar services to see how they are priced, and what they cost to deliver. You may need to find out more about the skills required to deliver the services, and what kind of background or training would be required to build those skills. Do a couple of hours of research; don't get lost in trying to define every detail, at this stage.

As you define the seasonal lows and highs of potential services, you may want to put the curve on a graph, alongside the revenue/month graph of your current products or services. Assume you did as much annual revenue with the new product or service, and estimate the flow of revenue by month. Evaluate how the revenue flow of a new product or service would help you to achieve a steady flow of revenue and profit across the year, from all of your service or product offerings.

If you are not satisfied with your answers, go back to the drawing board, and consider another group of products or services. Take another 2-3 products through the same cycle: write up a one page plan, research answers, query customers, define employee needs and profitability, plot revenue on a 12 month chart.

You may also want to make a list of your best employees, the ones

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you most want to employ throughout the year. They may be your most reliable employees, the ones who are the best at handling customers, the ones who are the most eager to learn and have the greatest growth potential. Assess each product or service you've considered, for fit to existing best employees.

By now, you may be saying, this sounds like a lot of work, why should I bother. Think about how much effort you expend, ramping up and ramping down each year. Think about the risks to your business, as you operate without sufficient revenue during certain months. Consider what happens to the people you employ, as year after year you are forced to lay them off. Define how much money is wasted each year, supporting infrastructure in low months, winding up and winding down.

True profit in a business comes from having a steady, complimentary flow of products or services, which make optimal use of all your resources. Have employees and infrastructure at work all year round, and you waste less revenue, make more profit. Keep in touch with your customers throughout the year, and your competitors have less opportunity to jump in when you're not around. Solve the needs of your customers, and you enhance their loyalty to you, as they come to rely on your

business to provide solutions they value.

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