

Ask SCORE...

Counselors to Naples Area Small Businesses

SCORE Naples
www.scorenaples.org



Got business questions?

Ask SCORE

By: Gray Poehler, Business Counselor

SURVIVING SEASONAL DOWNTURNS

QUESTION: *Our restaurant business is seasonal in nature. Historically we have a difficult time meeting our obligations during the summer months. Any suggestion how to smooth out the seasonal dips will be most appreciated.*

Calvin G., Naples

ANSWER: *Calvin, yours is a problem faced by many business owners. Florida is a winter destination as are ski resorts. Our neighbors to the north flock to local beaches in the spring and summer months and to the mountains in the fall. Businesses in these resort areas thrive in the high seasons but struggle throughout the rest of the year when business slows to a trickle.*

A downturn doesn't have to spell disaster for your small business. Good financial management practices will help you weather even the worst of economic times and be ready to capitalize on new opportunities when the good times return. To help smooth the bumps it is important to create a tight budget and stick to it throughout the year. Create a special cash reserve account for use only in the leaner months. Your business plan should include a twelve month cash flow forecast to help you identify patterns. This annual budget should include a worst-case plan to anticipate any nasty shocks.

As a restaurant owner you need to keep a tight reign on your expenses. You may want to employ only a small core of permanent workers and use temps or interns to fill in during peak seasons. Some periods may call for only a 25-hour workweek. If you serve three meals daily, consider the costs associated with each service to see if the lower cost breakfast and lunch menus really generate a profit.

On a positive note, the slow season affords an opportunity to catch up on many chores you may have been putting off. Examples include updating your business & marketing plans, bring your bookkeeping up to date, updating your web site, catch up on equipment maintenance and making necessary renovations.

Your good credit is your most valuable business asset. Be on good terms with your creditors. Falling behind on payments is never the answer, even if it's "just this once." Your suppliers will be more amenable to renegotiating terms to small businesses they consider to be conscientious and reliable. If you find yourself in a temporary cash bind, it is wise to have already established a line of credit with a local bank.

Owners of seasonal businesses can also take advantage of CAPLines, Small Business Administration (SBA) guaranteed short-term loans designed to help small businesses meet cyclical needs for working capital. Eligibility is based on past patterns of seasonal activity, size and type of the business, how the loan will be used, and the availability of funds from other sources. To learn more about CAPLines, click on "financial assistance" under the Services section of the SBA web site www.sba.gov, then go to "special purpose loans."

*Advice is available from the Naples Chapter of SCORE. **FREE** business counseling is offered to US citizens and legal aliens. Here you'll meet knowledgeable volunteers ready to help you realize your dream. Just call 239-430-0081 or visit our web site WWW.SCORENAPLES.ORG and click on "request counseling now as a first time client." The SCORE business office is located at 900 Goodlette Road North, in the Fifth Third branch bank building. Office hours are 9:00 AM to Noon, Mondays through Fridays.*

*SCORE will present a **FREE** workshop titled "How to Market Your Business" Saturday, May 17, from 9:30 AM to 12:30 PM, at the Collier County public library, 650 Central Avenue, in downtown Naples. To register log on to www.scorenaples.org and click on "Workshops", or call 239-430-0081.*

If you would like an answer to your question, please fill out the form located at www.scorenaples.org/askscore. A counselor will contact you within 48 hours. Please include your name, email address and a contact phone number.