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Small Business: Making productive use of the off-season

February 23, 2015 by JAMIE HERZLICH



The winter months are technically the "off-season" for East End Sealcoating in East Northport, but owner Diane Friedel is far from sitting idle.

This winter, she's launching a company website, updating her company's Facebook page and taking a class to be certified as a woman-owned business, which will help in competing for government contracts.

Like many owners of seasonal businesses, Friedel, also a Coldwell Banker real estate sale agent, uses the off-season to lay the groundwork for the upcoming season.

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"There's always something you can do in the off-season to increase your knowledge and better your business," says Friedel, whose firm provides driveway sealcoating and maintenance services from late April through October.

Because of the shorter selling season, it's especially important for owners like Friedel to plan for leaner times.

"Seasonal business owners have to navigate different obstacles than the standard business owner and therefore need to look at their business from a different perspective," says Keith Simmons, a Bay Shore-based partner of B2B CFO, an on-call chief financial officer firm.

Grow a cash reserve. Cash management is critical, he says; set aside a cash reserve during the busier seasons.

A year's worth of cash reserve would be ideal, but at the very least three months, says Darnyelle A. Jervy, CEO of Newark, Delaware-based consulting firm Incredible One Enterprises and author of "Market Like a Rock Star" (IOE Publications; \$19.95). Owners should look at their pricing structure to make sure they're not undercutting themselves, she notes.

"People are so desperate to get the business," explains Rita Gunther McGrath, a professor of strategy at Columbia Business School in Manhattan. "They don't realize what they make in the peak season has to carry them through the trough."

Set up a monthly budget, including a monthly sales forecast with expected margins, as well as an annual cash forecast, says Simmons. The forecast should include costs such as taxes, rent and insurance.

"Financial planning benefits everyone but is especially critical to seasonal business," says Ed Harbes, co-owner of Harbes Family Farm, with locations in Mattituck, Jamesport and Riverhead. Harbes' selling season is from May through November, but typically, he says, "80 percent of our annual income is generated during our peak two months -- September and October -- and then concentrated mostly on weekends, giving us 16 days of special opportunities."

Hiring is one of the biggest challenges, says Harbes. More time and effort is required to compensate for the turnover that often accompanies a seasonal business, he notes.

It's important to "do everything possible to enhance your long-term relationship with important team members that are willing to return," says Harbes.

Create a plan to keep employees active during slow periods, Simmons says. It might include training and cross-training. You may even get to those employee evaluations you've been putting off, he notes.

Extend your season. Try to extend your season by considering other problems you can solve for customers, suggests Jervey; perhaps there's a complementary offering.

If there isn't, stay top of mind with customers by laying the groundwork for your marketing campaigns, says Gunther McGrath.

"You can increase your visibility even in the off-season," she says. For instance, write a series of "thought leadership" articles in your area of expertise.

It's important to stay on their radar, says Friedel, who in March sends a friendly reminder to customers to make an appointment. "I mail them out a postcard," says Friedel. "It's always hot pink."