Seasonal Businesses Heat up in Summer

For some businesses, summer is truly the hottest time of the year.

Summer seasonal businesses are those that only operate during the summer. There are also businesses that operate year-around, but are only profitable in the summer. Common warm-weather seasonal businesses include amusement parks, lawn care services, outdoor grill manufacturers and suppliers, swimming pools, ice cream stands and trucks, and miniature golf courses.

Owners of summer businesses might find many advantages to running a business for only a few months of the year, but they can face a few challenges.

“One of the biggest challenges of small businesses and seasonal businesses is cash flow,” says Dr. Catherine Elder, program director of the Business and Healthcare Management programs at South University — Richmond. “They can end up being on the short end and don’t know about lines of credit.”

Most businesses experience seasonality. But, seasonal businesses have a small window in which to bring in all of their yearly revenue. Business planning becomes even more important for them than it does for businesses that experience less dramatic seasonal cycles.

In addition to managing cash flows that are generated for part of the year, hiring the right employees can be another challenge for summer seasonal businesses. Some might find it difficult to hire workers with the solid skills and good work habits they seek. Students are good matches for summer jobs because they are off from school and need to earn money in the summer to pay for school.

One of the biggest challenges of small businesses and seasonal businesses is cash flow.

But, the recent economic downturn has affected how much consumers and businesses are willing to spend, which in turn has impacted summer hiring.

“Businesses are sitting on cash reserves; they are not spending and that impacts hiring for summer jobs and internships,” Elder explains. “They are looking to be smarter about how they spend.”

Many seasonal businesses can rely upon predictable events that occur every year during the summer months that can boost their sales. June features many events such as weddings, graduations, and vacations, and July is usually a lucrative month when it comes to sales of summer products. Meanwhile, August is considered the busiest travel month of the year.

http://cmsdeploy.content.edmc.edu/assets/marketing/Insite/seasonalindustries_in-text_image.jpg

However, sometimes there are unpredictable events that can hurt sales, such as bad weather. These are situations beyond the business’ control that can cause sales to fluctuate dramatically. This is where careful planning and risk management help.

“What do you do when tornados hit? Or, when weather has been rainy?” Elder asks. “Seasonal businesses must do contingency planning and be prepared.”

Some seasonal businesses expand their products and services in the opposite way of their summer offerings. For example, a landscaping company that offers snowblowers to their product line and snow removal services. Elder says lengthening the business season can be a good approach.

“Amusement parks have been doing that,” she says. “Busch Gardens has a Halloween event called Howl-O-Scream and holiday events that extend their season.”

Elder says partnerships with other businesses and even competitors can also help boost a seasonal business.

“There are challenges with competition, but you can have an advantage because you know local customers and local needs,” she says.