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The SBO Survival Strategy



By Gary Seibert, CEO,
Small Business Resource Association

I will start this article by telling you what SBO stands for—Small Business Owner. Most of you know the statistics of the life span of a small business start-up as well as the difficulty of just surviving as a small business owner.

There are few guarantees in business except for “stress and uncertainty”. This article will hopefully give you some help in 5 very important areas of your business that can reduce and possibly eliminate some or all of that stress and uncertainty. However, just reading this article will not make any changes in your business success, you will need to apply what you learn. “Knowledge without application is wasted”.

#1. Effective Cash Flow Management. The tracking and controlling of how much money comes in and out of a business in order to accurately forecast cash flow needs. This is a day-to-day process of monitoring, analyzing, and optimizing the net amount of cash receipts minus the expenses. Sounds pretty simple. Take the money that comes in and subtract the amount you are spending and bingo, you have now managed your Cash Flow. But it's not quite so simple. The trick is to actually keep daily records of income and match those numbers up with the amount you are spending. Many small business owners are so busy making money that they fail to keep accurate records of how much they are spending. They are content with being able to pay the bills every month and therefore they must be making money. Quick Books and a good accountant or book keeper can make a huge difference in understanding not only how much money you are making but equally important how

much you are spending weekly and monthly. Equally important is knowing what your margins of profit are associated with everything you do. You might be making good margins doing hardscaping but losing all your profits mowing lawns. Know your numbers, know your margins.

#2. Expense Reduction. Once you know your numbers, you can start to better understand where you are spending your money and therefore start to research smarter and more effective ways to run your business. I recommend a quarterly review of what you are paying for vendor services. Just because vendors have supplied you for several years and you're happy with their service does not mean they have the best price for you. It is ok to check other sources and then tell your vendor that they need to sharpen their

pencil in order to keep your business. If you do not ask, you will never get them to lower their price. Sometimes it might be as simple as buying items in volume to get the better price and your turnover of the product justifies volume purchases. You might also take a look at things you are spending money on, that quite honestly, you no longer need. Lastly, if certain products or services you provide are no longer making a profit and dropping cash to the bottom line, get rid of them and replace a loser with a winner. This can include people as well as products and services.

#3. Adaptation to Market Changes. We live in a fast paced, ever-changing world that if you are staying current with the market you could very possibly go out of business. Years ago, I started a Gymnastic Apparel Manufacturing company called GYM-KIN. Our design department spent almost as much time researching color trends and style trends as they did making leotards and warm-up suits. We

needed to purchase fabric almost a year before we started the production for the next season. A mistake in purchasing the wrong color and type of fabric could be disastrous. Do market research, conduct focus groups, go to industry conventions, read everything you can on your industry. It could be the difference between success and failure.

#4. Increase customer retention. Ray Croc once said “It is much more profitable to sell many products to one person than one product to many”. Makes a lot of sense because the cost of getting customers is far greater than the cost of keeping them. Make QUALITY and OUTRAGEOUS CUSTOMER SERVICE, no matter what business you are in, your first and foremost concern. People like to buy from people they like and trust. Ask yourself—would I do repeat business with me? Take care of your customers because if you don't your competition will.

#5. Invest in Your Employees. This is a no-brainer. If your employees are not happy, if they see no opportunity for advancement, if their opinions are not listened to or respected, if they do not believe that you value them and want to help them get better at what they do—you will lose them. Training, mentoring and coaching are key to employee engagement and employee engagement reduces turnover. Turnover will cost you a lot of money, frustration and lost time. Vendors, customers and other employees will start to question the culture of the business and that can result in business loss and closure. You owe your success to not how great you are but rather how great you've treated your employees and how they made your business a success.

SBO survival is hard work. Never ever give up. Work smart, not hard. Know your numbers. Cut costs. Stay ahead of the changing trends. Make your customers feel like family. Pay more attention to your employees than you do yourself. Have fun and you will SURVIVE.



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Salt & Light Cafe

Address: 134 N. 5th St.
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At Salt & Light Café our mission is to provide excellent cuisine and hospitality, along with a place to be encouraged, connect, and belong! Among a few other items, our café's niche is specialty coffee and crepes! We look forward to serving you.



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