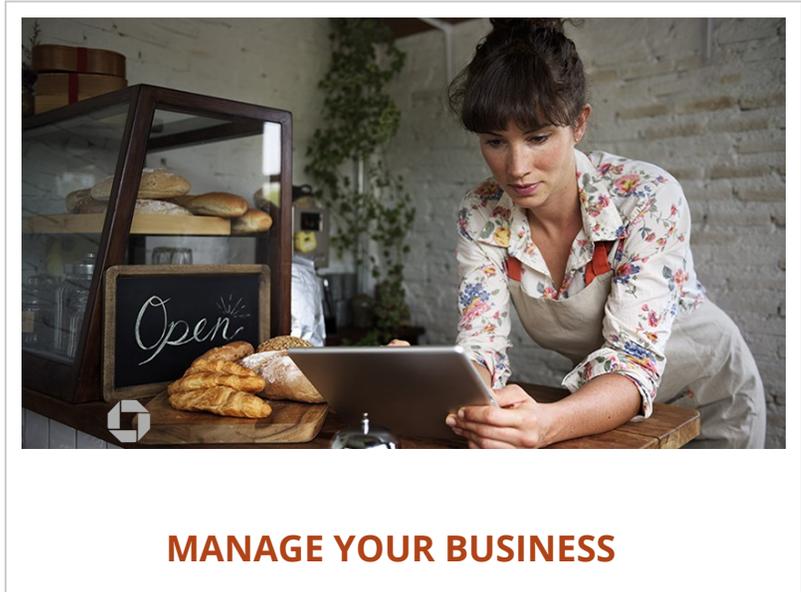




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How to manage cash flow in the holiday season

4 ways to motivate employees in the new year

12/08/17

The holidays reflect an important time for small businesses to take advantage of consumer spending and close out the year on a strong note. In this Smart Holiday Tips Series, [Chase](#) looks at different ways take advantage of the holiday surge.



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Between additional inventory, extra marketing, holiday bonuses and client gifts, expenses often run high and bank accounts tend to dip.

At Mixology, an eight-store clothing chain in the New York region, president Jordan Edwards says that even budgeting earlier in the year to build cash reserves doesn't fully offset the double-whammy drain from employee bonuses and extra inventory. "As the calendar year creeps to an end, our competition gets highly promotional," he says, "There are always unforeseen capital needs."

"As the calendar year creeps to an end, our competition gets highly promotional there When it comes to planning ahead, Edwards is on the right track. But even with the holidays right around the corner, there are still ways to mitigate the cash drain. Use the following strategies to start next year on the right financial foot.

- 1. Pare back on new products



NEEDS. accurately as possible. As you enter the holiday season, you'll want to pull out and scrutinize that data specifically.

Depending on your cash position today, you may want to re-prioritize your holiday inventory ordering, says Frederique Irwin, founder and CEO of Her Corner, an education-based network for women business owners. "If you're in a cash crunch, now's the time to reinvest in stuff that has really sold before," she says, "It's not the time to take big risks to invest in a new product that you've never sold before and you're not sure if your market would accept."

2. Staff up (and down) quickly

Many firms tap seasonal staff to help with additional sales or other end-of-the-year tasks. But cutting extra paychecks is costly. So while its tempting to make those hires as soon as possible, hold off until you're sure that you need them. Help during the holidays is relatively



gears. Chelsea Sloan Carroll, owner of Kid to Kid, a used children's clothing and toy boutique in York, Pennsylvania, carefully tracks labor costs as a percentage of sales. "We staff based on our goals for sales increases, but if those don't pan out, we adjust hours quickly to match the demand in store," she says.

3. Push prepayment sales

Many service businesses slow down during the holiday season, but savvy business owners can still bring in cash during those times by selling services that they'll deliver later. Tailor Made Lawns, a lawn care company in Charlotte, North Carolina, for example, offers a discount to homeowners who prepay at the end of the year for next year's lawn care.

"Because our sales drop off so heavily in the winter, our biggest struggle has always been paying our bills and making payroll in January," says digital marketing manager Rachel Betterbid. "We try to get extra revenue from prepays during that time to help sustain our revenue while we are



consumers. Big gift card sales are an immediate boon to your bank account and provide some breathing room before the recipients redeem them.

4. Manage your payments

Scrupulously avoiding late fees is normally a sound practice—but paying bills early can backfire during the holiday season. Instead, check in with your suppliers to see whether you can extend the payment term on invoices or set up a payment plan. "Try to have discipline in the fourth quarter to not immediately pay all your creditors with the cash that you have," says Ted Zoller, director of the Center for Entrepreneurial Studies at the Kenan-Flagler Business School at the University of North Carolina.

Got lots of checks coming in soon? Using your business credit card to pay invoices will buy you a few more weeks until the credit card billing cycle closes—and allows you to potentially earn rewards points, too.



financially healthy firm is a gift your employees will appreciate throughout the year. If you're short on cash, opt for modest celebrations, such as an office lunch instead of a restaurant dinner, or organizing Secret Santa gifts. "I'm a huge proponent of holiday parties for workers," says Ken Wentworth, a fractional chief financial officer who works with small businesses, "But it's okay to be transparent with folks about what you can afford."



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MANAGE YOUR BUSINESS

4 ways to motivate employees in the new year

By **Kelly Kearsley** • Posted: 12/04/17

This story is part of the Chase Guide to Powering Your Business



both for yourself,
and your business.

But as you think of ways to ramp up sales, find potential new clients, and plot hiring needs, you should also consider strategies to nurture one of your most essential existing resources: your current employees.

A study conducted by University of North Carolina's Kenan-Flagler Business School found that organizations with above average employee engagement experienced 2.3 times more revenue growth over a three-year period than companies with average employee engagement.

"If the first thing you think about every day *isn't* the well-being of the people in the trenches, then you're not thinking about the well-being of your business," says Paul Kirsch, co-owner of Studio 1337, a web design studio he co-founded in 2004.

Moreover, while large firms often rely on big raises and perks to motivate their teams, successful business owners say



company. So you can use the five strategies below to motivate your employees—no matter what your budget looks like for the coming year.

1. Allow for growth opportunities

When it comes to true motivation and engagement, money and materials are fleeting, says Kirsch. You'll get a bigger boost from finding out what your employees *enjoy* doing and find opportunities for them to do more of it—even if it means they will eventually need to move on to a different career. According to a report from the Harvard Business Review (HBR), managers who help employees develop their strengths are more than twice as likely to engage their team members.

For example, Kirsch has had team members say they want to get into book illustrating—one even told him he'd someday like to start a competing agency. "We accept that people don't remain in one place forever," he says. "We want to help them develop the skills they want so they stay



uninspired, it's easy to check out mentally. Ross Cohen, co-founder of BeenVerified.com, a background check company with 52 employees, strives to foster a culture that provides employees the space and freedom to experiment.

"If our people feel like it's too much of a hassle to try a new approach to doing things, then we will all suffer," says Cohen. To encourage out of the box thinking, his team has eliminated long meetings and discussions about whether to attempt something new; instead, the vast majority of ideas are simply given a quick thumbs-up.

3. Communicate on a personal level

The HBR study found that businesses with highly engaged employees focus on communication and transparency. In a smaller firm, you're more likely to have the opportunity to not only discuss professional performance and company goals with employees, but also keep up with what's happening with them on a personal level.



on how they're doing both personally and professionally, reminding them that I appreciate their work and taking time out of my week to have a one-on-one conversation, coffee or quick chat with them," she says. That way, she says, her employees feel as if they are genuinely cared about and have a voice that is heard.

4. Employ your flexibility

Small businesses have a built-in advantage when it comes to getting creative with culture and work-life related perks. You might more easily be able to institute work-from-home Fridays, for example, allow employees to bring their dogs to work or provide more flexible schedules.

Dr. Gena Bofshever, owner of Dr. Gena Chiropractic in Ft. Lauderdale, Florida, likes to mix it up when it comes to employee perks. If her team hits a group goal, she may take them all out for a massage. Or surprise them with concert tickets or lunch at a favorite restaurant. So think about what will make your staff feel most



[The 8 best ways to innovate your small business in 2018](#)



[What entrepreneurs should know about delegating](#)



[How to manage risk at your small business](#)

Kelly Kearsley is a Chase News contributor. Her work has appeared in The Wall Street Journal, CNN Money, Money Magazine and Runner's World.



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