

Surviving the mid-winter slump: Tips for small businesses

Issued by [Business Partners Limited](#)

4 Jul 2023

The winter months are typically slower for many South African small businesses, particularly for those active in the tourism and retail sectors. Traditionally, the colder weather keeps consumers indoors, resulting in fewer weekends away, as well as a noticeable drop in non-essential shopping trips. This year, the seasonal downward trend is set to be exacerbated by the ongoing energy crisis, rising interest rates and the depreciation of the rand. For the millions of affected small businesses, surviving this slump will require laser-focus on strategic planning and the constructive use of time over quieter periods.

To counteract this and help prepare for the coming months, Rene Botha, regional investment manager at specialist small and medium-sized enterprise (SME) financier, Business Partners Limited provides three practical tips that small businesses can use to overcome the winter slump.



Rene Botha, regional investment manager at Business Partners Limited

1. Using credit wisely to counter the drop in sales

Acquiring an adequate amount of credit to cover your running expenses and pay your employees could provide the temporary solution needed to tide your business over during slower months.

"It is, however, vital that small business owners review the longer-term affordability of obtaining more credit by factoring in the cost of monthly debt repayments into their financial plan for the rest of the year," says Botha. "Enlisting the help of a business development consultant or market analyst to assist in forecasting sales for the months ahead may be the best way to ensure that any additional debt is sustainable. Where possible, negotiating longer payment terms or fixed interest rates for a short period may provide the flexibility needed to ensure that debt obligations can be met."

"Furthermore, taking a prudent approach to debt management could have positive implications for the businesses' credit rating when the usual rate of activity picks up again."

2. Making the most of downtime

Slower, quieter months shouldn't always be seen in a negative light. A drop in sales volumes, foot traffic or digital engagement may be exactly what some small businesses need to regroup and prepare for the lead-up to summer and eventually, the busy festive season.

Small business owners are therefore encouraged to find creative ways to optimise downtime. This may be the ideal opportunity to urge team members to invest in their professional development by enrolling in free online courses and training programmes, or by hosting staff workshops. Slower periods may also provide business owners with the chance to recruit and train staff members to onboard in busy periods, stock up on inventory, categorise slow-moving products, repair equipment and machinery, and review internal processes and procedures.

For business owners, Botha recommends attending seminars, conferences and information sessions for a boost of mid-year inspiration. "A decrease in revenue can be disheartening, which is why winter is the optimum time to invest in your mental health as a business leader and find ways to re-energise yourself. Your team members will take their lead from you, so remaining positive and practicing self-care will give you the momentum you need to get your team

over the slump.”

3. Streamlining the customer experience

A growing body of evidence continues to suggest that a positive customer experience is a powerful differentiator, especially in highly competitive marketplaces. During the slower months, SMEs can capitalise on this trend by honing their focus on delivering consistently excellent levels of customer service.

To this point, Botha concludes: “The downtime may provide teams with extra time to respond to customer enquiries and complaints. If small businesses can succeed in engaging their customers and offering more positive experiences than their competitors, they can use this period to claim more market share ahead of the busier months.

It may also free up more time to analyse customer data, month-on-month trends and consumer buying behaviour. This data can be used to inform future decision-making and optimise marketing budgets.”

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