

Three of the biggest small business festive fails and how to avoid them

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It has been predicted worldwide that this year's festive period will be a 'summer like no other'. It will be the first year in over two years where lockdown restrictions are completely lifted, and social gatherings are no longer discouraged in almost all countries around the world. For South Africans, the warmer weather has arrived, and shoppers are keen to embrace the outdoors. And of course, the festive season also means family time, which gives many an extra reason to shop.

"For a small business," says Rene Beukman, area manager at Business Partners Limited, "this presents a unique opportunity to position yourself to take full advantage of the heightened activity. But things may not always go your way, so it is crucial that you watch out for these common mistakes that are notoriously prevalent in the lead up to year-end."

Not 'thinking big' by 'working small'

One of the biggest mistakes that small businesses make during busy shopping periods is trying to grab market share from large retailers. While it's not impossible to disrupt an industry and claim your stake, even when you're a small fish in a big pond, unless you have a gargantuan marketing budget, you may end up spending a lot of resources for a very underwhelming result.



Rene Beukman, area manager at Business Partners Limited

"Larger retailers typically initiate their festive season campaigns very early in the fourth quarter of the year," says Beukman. "You can use this to your advantage by finding the gap: If large retailers that sell similar products are pushing price as a differentiator, focus your narrative on quality. If they're going big on Christmas and Boxing Day, try to identify an opportunity to conquer some territory in between Boxing Day and New Year's Day. Find your unique niche in the places where established retailers aren't looking, and remember that small wins add up."

Slipping up on stock management

Getting stock levels 100% right over the festive season can be quite a challenge. And while most small businesses worry about under-supplying, many forget that over-supplying can make just as much of a negative financial impact on your bottom-line. It's therefore worth not being overly optimistic and anticipating that your target market may be feeling the pinch, given the recent petrol hikes, rising interest rates and high inflation.

The solution? Have a contingency plan – formulate a strategy you will use to either sell more stock quickly if you over supply or gain access to the human and financial resources to produce more stock if demand remains high.

"For example," says Beukman, "if you're left with lots of surplus stock after the festive period, consider tactics like bulk discounts, product bundling or consignment deals with independent vendors. Your 'plan A' should definitely involve striking the perfect balance of stock over the festive period, but just in case your sales miss the mark, make sure you're ready with 'plan B' in place."

Forgetting to keep your cashflow in check

It's easy to get caught up in the hype and frenzy of the festive season and finding creative ways to capitalise on the shopping trends. But forgetting to practice good financial hygiene as a business owner, when things are busy, could cause a ripple effect that might only become evident when the dust clears. Common mistakes include not maintaining a clear boundary between your personal and business spending, forgetting that offering huge discounts may be unsustainable in

the long run, and neglecting to send out invoices on time.

“You can sidestep the Janu-worry blues by making a list of daily and weekly financial checks that are your ‘non-negotiables.’ For example, check all your software subscriptions and whether they are due for renewal at the end of the year – these costs have a habit of coming out of nowhere. You could also look into setting savings goals for staff, rather than just focusing on sales targets – incentivise your team to find ways to cut unnecessary costs. This is also the ideal time of year to renegotiate with your suppliers and introduce a level of flexibility that will serve you well when the festive season is in full swing,” concludes Beukman.

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