“Right now, people feel like their business is controlling them,” says Larry Hebert, who was a national Sales Manager for Reebok International, i was the Director of Pepperdine University’s NorCal Executive MBA program, and also owned a small chain of athletic footwear and apparel shops in Northern California, and is now an Advisor for the Small Business Development Center (SBDC) in Santa Cruz County. Specializing in retail, finance, management, and operations, Hebert has worked with and advised hundreds of small businesses in the area and reiterates, “Most people don’t manage their business; their business manages them. But it’s all fixable!”

With the pandemic limiting everyone’s resources, businesses need to be careful with how they’re pivoting. Hebert and his fellow advisors work day in and day out advising local small businesses, getting to see what’s working and what isn’t.

One of the two most common mistakes that Hebert’s colleague Keith Holtaway sees as a business strategist for the SBDC is that small business owners focus on their solution, which contracts creativity, rather than focusing on the problem, which opens the mind to possibilities and encourages flexibility. Both Hebert and Holtaway emphasize another common, fatal mistake: most people don’t keep accurate financial statements or understand them. Financial statements tell you a story about your business with numbers instead of words; they provide you the opportunity to recognize issues, the ability to proactively make changes and find solutions before they occur. If you don’t have the expertise, consider hiring a bookkeeper. If it’s hard to grow your business just from the cash you’re generating -- have a strong banking relationship, and if possible, a line of credit.Lastly, creating a forecasted budget for cash flow and profitability needs to be done by month for twelve months. This will identify all areas of cash anticipated to come in, and all cash projected to be spent for operating expenses as well as non-operating expenses (draws, loan principal payments, capital investment, etc). This will help in understanding your cash position and needs, and proactively create strategies if a future problem exists so a solution can be found before it occurs.
Critical strategy and finance questions to ask yourself

- Do you have your controllable costs down to the *percentage* of sales, so you know if you’re consistent?
- If you're a product-based business, do you use an Open-to-Buy inventory purchasing system to manage purchases and ensure you are aligning inventory categories with sales categories to maximize the investment?
- Are you getting an accurate profit and loss and balance sheet every month and making decisions based on that information?
- Do you have both a long-term and an intermediary 90-day sales planning canvas that will help you identify markets, pivot, and determine if a strategy will be profitable?

The small business development center has helped numerous businesses grow and succeed during the past year. As a direct result of the SBDC's services, Santa Cruz County Businesses reported in 2020:

3,735 jobs supported (created and retained)
37 businesses created
$10.3 million increase in sales
$7 million in loans and equity

Being prepared begins with examining your business strategy and financials, and if you have employees, HR is another area not to let slip. Wrongful termination suits can cost upwards of $300K. "If I were starting a business and I didn't know about HR, the smart thing would be to sit down with an HR advisor at the SBDC or sit down with a labor law attorney," Joy Hallof suggested. Hallof has been in HR for 40 plus years working with startups and big corporations, and has been an advisor with the SBDC for 18 years. Furthermore, she recommends The HR Quick Guide for CA Employers as the cheapest and most detailed resource of information that should be on everyone's desk. Also, be in touch with your local EDD office that offers trainings on labor laws.

2020 saw a considerable improvement of small businesses keeping their hours updated on Google listing, Yelp, Nextdoor, and other social sites. Small business advocate and marketing advisor Bryce Root suggests going the extra mile and providing experiential details, such as a walkthrough video that will take out the guesswork and help customers know what to expect. Additionally, storytelling or brand work can differentiate yourself and share why you are worth shopping with rather than the ease of shopping on Amazon.

When you're living history, it's hard to prepare for a future you cannot see. You can hope for the best and react as situations arise, or you can increase your chances of thriving by putting proactive plans into place. If you don't want to pay a business consultant, the SBDC, thanks to tax dollars and community investment, offers highly skilled and dedicated bilingual advisors from every area of business to assist small businesses for free. The advisors live and breathe in the trends of retail, restaurants, consultants, and services, and beyond. They can be a Godsend to someone tackling their weak points, sparing them the need to reinvent the wheel. Getting objective support can mean the difference between success or failure.

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Common mistakes they see small businesses making::

- Focusing on the solution, which contracts creativity and narrows the mind
- Keeping inaccurate and unreliable financial statements
- Failing to understand your financial statements
- Not having a strong banking relationship and access to cash
- Not having your marketing goals tied to your business goals
- Not sitting down with a labor law attorney or an SBDC HR specialist
- Not providing experiential details in your online listings i.e. walkthrough videos or descriptions
- Making reactive decisions rather than proactive decisions

Solutions they suggest:

- Focus on problems, this opens the mind to possibilities and encourages flexibility.
- Financial statements tell you a story about your business with numbers instead of words; they provide you the opportunity to recognize issues, the ability to proactively make changes and find solutions before they occur. If you don’t have the expertise, consider hiring a bookkeeper.
- Create a forecasted budget for cash flow and profitability by month for twelve months. This will identify all areas of cash anticipated to come in, and all cash projected to be spent for operating expenses as well as non-operating expenses (draws, loan principal payments, capital investment, etc). This will help in understanding your cash position and needs, and proactively create strategies if a future problem exists so a solution can be found before it occurs.
- It’s hard to grow your business just from the cash you’re generating -- have a strong banking relationship, and if possible, a line of credit.
- Get the HR Quick Guide for CA Employers on your desk now
- Make sure you’re telling your story, sharing your brand in such a way that people know why they should take the time to shop with you and not go online with Amazon.

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