

INVESTMENT GUIDE

Small Business

3 SMART INVESTMENTS / TO GROW YOUR SMALL BUSINESS



A publication of





INTRODUCTION

In small business it's important to continuously take steps to improve your company. When deciding on where to invest your resources you will want to consider what will increase revenue, grow your brand, and improve the employee/customer experience. Here we've outlined three top investments you can make as a small business owner.



INVESTMENT ONE MARKETING





Marketing is part of every business plan. Effective marketing brings your business and its products to the attention of new and existing customers, and convinces them that they need what you're selling. If you don't have time and money with which to market your business, you may not have a business for long. Potential customers need to know you exist, and existing customers often need to be reminded. If there's not a compelling reason for people to buy your products, they won't. And your marketing plan is the vehicle by which you compel them.

Formulating a Marketing Plan

Your marketing plan should map out how you will market your business in the coming year. You can include longer-term plans, but conditions change so rapidly for many businesses today that even three years from now, your current plan may not work at all. The center of your marketing plan is your USP, or unique selling proposition. Businesses need to know the set of factors that makes them different from each of their competitors, anything from exceptional customer service to a superior product. Once you have defined your USP, it will form the content for your marketing efforts.



Deciding How to Market

There are a number of marketing techniques businesses can use including direct marketing (mailings), print advertising (print ads), broadcast advertising (television and radio commercials), email marketing, content marketing and digital marketing (website, SEO and social media).

The best way to market is to utilize a multi-channel approach which incorporates several techniques. Consumers have more ways than ever to access your marketing messages and often need to hear repeated messages before making a buying decision. Concentrating solely on print advertising or online marketing will limit your potential customer base, and a multi-faceted marketing campaign also lends more credibility to your business.



SEASONAL MARKETING

Small businesses have many reasons to celebrate throughout the year. From [Valentine's Day](#) to the Fourth of July, from the Academy Awards to the [World Series](#), there is regularly a holiday to remember or a special event to commemorate, which can actually serve as a boon for a restaurant, auto repair shop, salon, liquor store and other merchants. Most businesses can incorporate a holiday or event into their marketing, whether through the means of a storewide sale, discounts, promotions or celebrations. There are several seasonal marketing opportunities of which businesses can take advantage to boost revenues. Simple store design can make a difference, such as installing decorations, informing of special discounts or free coupons and samples for those just walking by the storefront.



IN THE KNOW...

59% of very small businesses have yet to establish an online presence and get a website. **35%** feel that their operation is simply too small to warrant a website. [GoDaddy](#)

83% of small business owners who already own a website feel they have a competitive advantage over those without one, but only **19%** of very small business with no plans to build a website expect their business to grow **25% or more** within the next 3-5 years. [GoDaddy](#)

In contrast, **48%** of respondents who plan to create a website anticipating that it will help their business grow **25% or more** within the next 3-5 years. [GoDaddy](#)

Even though the worldwide advertising spending is expected to slow down, its growth is still predicted to reach astonishing **12.9%** next year, turning the Internet into the largest medium for advertising. [MediaPost](#)

It may come as a surprise that **71%** of small business owners do their own digital marketing, instead of leaving it to experts. [Linchpin](#)

Internet marketing has a good reputation, with **75%** of small business owners seeing it as “effective” or “very effective” at attracting new customers. [Business 2 Community](#)

INVESTMENT TWO INVENTORY



Inventory is perhaps the most important asset your company has and proper management is essential to the profitability of your business. Inventory can come in many forms depending on your business model. There are certain times of the year when items can be less expensive and having the capital to stock up on essential products during that time can significantly impact your bottom line. Additionally, having the room to store surplus inventory can help you save money and be prepared for any situation. It also enables you to offer competitive pricing as many large companies benefit from the ability to discount products because they are able to buy in bulk.






SEASONAL OPPORTUNITIES

Many manufacturers will purge their surplus inventory during the slower winter months and it's important that small business owners take advantage of this opportunity. While you may be loyal to your current suppliers it's to your advantage to shop around for seasonal deals. This also presents a chance for you to try a new product line or different materials as you won't be paying full price for them. This can open up new markets for your company and possibly reduce costs well into the future.

INCREASE STORAGE

Having the ability to store surplus inventory can significantly reduce costs and ensure you are prepared for any type of shortage. This could include an addition onto your current establishment or renting outside storage space. For those in the food industry an investment in a walk in freezer or additional refrigeration will allow you to stock up on items with longer shelf life. You do want to make sure the investment will pay off in the end so you will want to compare the numbers carefully to ensure you're making the right decision.



MANAGEMENT SOFTWARE

Purchasing inventory management software will have a far reaching effect on your business. There are different products available for nearly every industry and these increased controls will help you keep track of your current inventory and alert you when stocks are getting low. They help to save time for your management team and will let you know of any discrepancies. Organizing your inventory will save time and money and ensure you don't over purchase or run out of important items. Management software will help you keep your inventory at optimal levels and allow you to focus on growing your business.



PROMOTIONS

Having additional inventory can allow you to run promotions and sales without cutting into your bottom line. Purchasing in bulk whenever you have the opportunity will help you compete with larger businesses and keep your marketing budget in line. Giveaways and customer rewards programs can be expensive and difficult to account for but purchasing bulk inventory at a discounted rate will ensure you don't negatively affect your revenue stream.

IN THE KNOW...

The number of companies without a robust inventory management system in place is shocking. **46%** of SMBs either don't track inventory or use a manual method. [Wasp Barcode](#)

Even though shipping and manufacturing are getting more efficient and faster, companies are still holding on to more stuff. "Days inventory outstanding" – the amount of inventory on hand based on average sales per day – has risen 8.3% over the past five years. The highest sector is spirits, at 188 and the lowest is restaurants at 7. [REL](#)

Warehouse space is still dirt cheap, compared to other buildings. The average cost per square foot of warehouse and distribution centers in the U.S. is \$5.08. [Colliers International](#)

INVESTMENT THREE EMERGENCY PLAN



Disasters happen all the time and can cost you everything if you're not prepared. It's true that sometimes you never know when or what will arise, but to ensure the best outcome, emergency preparedness can go a long way. One of the first things you should do when you start your business is develop an emergency plan. You'll need to take a look at the biggest risks to your business depending on geographical location and the industry you're in. There are checklists provided by the Occupational Safety and Health Administration, OSHA that can help. Having a thorough emergency plan and properly training your employees will not only help to keep you safe, it will also protect you from unexpected and costly repairs. Preparing your business for the worst case scenario is an integral part of any well rounded business plan.



WHAT CONSTITUTES AN EMERGENCY?

An emergency can be natural or manmade, foreseen or sudden. These emergencies can cause harm to your customers, employees and your business establishment. Where you are located and what type of business you have are determining factors on what kind of emergencies you should be prepared for.

In Florida and the southeast there is a high risk for hurricanes and flooding. These kinds of emergencies sometimes have a bit of warning but you should be prepared ahead of time to ensure you will have all of the supplies you need. In California, during the dry season, wild fires are known to run rampant and they do not have much warning. In the Midwest there are certain times of the year where tornados are a risk and there is little or no warning.

When it comes to industries, the restaurant business is at a much higher risk, things like kitchen fires can happen very suddenly and get quickly out of control. You will want to be sure you have the tools on hand to get the situation under control fast. This will ensure the least amount of damage and harm to staff and customers.



TRAIN EMPLOYEES

Training your employees to handle themselves and their responsibilities in an emergency can help limit the amount of chaos during a crisis. For emergencies that happen while employees are present, having a plan for individual responsibilities is essential to make sure all bases are covered. When an emergency happens during non-business hours, you should have clear guidelines that explain how employees will be notified.



IN THE KNOW...

WHAT SHOULD YOUR EMERGENCY PLAN INCLUDE?

There are many aspects of an emergency plan and you'll want to ensure you don't leave anything out. Here are the important components of an emergency plan:

- Include a recommended method for reporting emergencies.
- Develop an evacuation policy and procedure. You'll want to have a detailed evacuation plan that includes floor plans that map out specific evacuation routes for each location. Be sure to include a place for everyone to meet.
- Create a detailed list of emergency numbers including the police and fire department, ambulance, and poison control.
- Develop procedures for shutting down equipment and operations in the event of an emergency.
- Outline the roles your employees will have in an emergency situation.
- Secure offsite location to house important documents and paperwork.
- Implement alarms and communication systems to alert workers of an emergency.
- Install an auxiliary power supply in case you lose electricity.

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