

The fourth-quarter advantage

How to ensure your small business's success through the end of this year and into the next



Your guide to finishing the business year strong

We're happy to see you here, digging into another educational resource developed to help you use the last quarter to finish this year and start next year in a great position for continued success.

The importance of the fourth quarter

There's a great quote by Canadian writer Robin Sharma: **"Starting strong is good. Finishing strong is epic."**

Whatever your industry, the last part of the year (aka the fourth quarter) can be a critical time for any small business.

If you sell merchandise (whether in a bricks-and-mortar store or online), the holidays can be a bonanza. Or, if you're a service business (e.g., housecleaning service, flooring installation), consumers may be ready to spruce up their homes as they welcome visitors for the holidays. Either way, wallets are open—and for one-third of small businesses, the fourth quarter is their most profitable time of year.

Even if your business's revenues don't rise or fall based on the holidays, the last quarter of the year is still a critical time for your small business. Slow year? Here's a chance to increase revenue by changing up your marketing targets and channels—or figuring out where things went off the rails. Great year? With the successes fresh in your mind, it's the perfect time to celebrate—and buckle down to planning for another fantastic year.



Of course, there's never a bad time to start getting ready to file your next tax return. So, we'd be remiss not to mention that the fourth quarter also gives you an important opportunity to get informed, organized and prepared to meet with your tax professional, who will help you maximize your deductions and minimize your tax liability for not only this year, but next year as well.

As Alabama's legendary football coach Bear Bryant said, **"Winning isn't imperative, but getting tougher in the fourth quarter is."** Read on for some suggestions to help your business get tougher...and finish the year strong.

YOUR BUSINESS

The last quarter of the year is an ideal time for small businesses to reflect on their performance and lay the groundwork for a successful year ahead. By implementing the following strategies, you can set your business up for success and make a smooth transition into the next year.

■ Review and analyze

Set aside some dedicated time on your calendar to assess your business's performance so far this year. Review your financial statements, sales figures, customer feedback and any other key metrics you follow. Identify areas of strength and areas that need improvement.

■ Set goals and objectives

Have you met your goals for this year? Will you be able to wrap up unfinished projects (e.g., a redesigned website, implementing an online store) by the end of the year? Or will those projects need to be pushed into the upcoming year? Based on that and your performance analysis, set clear and measurable goals for next year that take both your financial targets and your operational objectives into consideration. Be sure your goals are realistic and aligned with your overall vision for your business.

■ Create a financial plan

Work up a budget for next year. Consider your revenue projections, anticipated expenses and

the investments you'll need to achieve your goals. Create a financial plan that includes contingencies and cash flow management strategies.

■ Review your business strategy

Use the last quarter to develop or revise your business strategy. Identify new opportunities, assess market trends and plan for how you can stay competitive. Consider any potential changes in your target market, customer preferences and industry regulations.

■ Plan marketing and promotion

Develop a marketing plan for the coming year, including your marketing campaigns, special promotions and events. What are the most effective channels to reach your target audience? Would you like to increase your social media marketing, do more targeted emails or venture into ads? Do you plan to show your appreciation to your customers in the form of an event, special sale or a holiday gift? Allocate your marketing budget accordingly.

■ Manage your inventory

Evaluate your current inventory levels. Do you have enough inventory (e.g., merchandise or food and beverage stock) to cover the holiday rush? Identify any excess or obsolete stock. Plan for inventory adjustments and consider implementing an inventory management system or software to streamline your processes and optimize stock levels.

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■ Review human resources needs

Your most valuable resource is your team, so consider your staffing needs for the fourth quarter and into next year. Will you need temporary employees to cover during the holiday rush? Get them lined up now. Do you want to host a holiday event for your employees? Space goes quickly, so don't wait to start planning. What about gifts or bonuses? For next year, will you need to hire new employees, contractors or freelancers? Do you plan to invest in training or make any changes to your team's structure? Are you considering adding or changing benefits? It's also a common time of year to review your employees' performances and follow the reviews up with performance evaluations.

■ Assess technology and systems

Assess your current technology infrastructure and decide if any upgrades or changes are needed. Consider implementing new software, tools or systems that can improve efficiency, streamline your processes or enhance your customer experience.

■ Evaluate vendors and suppliers

Evaluate your relationships with your vendors and suppliers. How are they performing? Are they reliable? If it's time for a change, explore new partnerships or negotiate better terms with your existing suppliers to improve your business's supply chain efficiency.

Consider implementing new software, tools or systems that can improve efficiency, streamline your processes or enhance your customer experience.

■ Review legal and compliance

Does your business comply with all relevant legal and regulatory requirements? Review your licenses, permits and contracts to ensure they're up to date. Consult with your attorney or industry experts if needed.

■ Network and collaborate

Use the last quarter to attend industry events, conferences or tradeshows. Network with your peers and prospective vendors, suppliers or other partners. The collaboration and knowledge sharing you'll experience can offer valuable insights and opportunities for growth.

Most important, take time to reflect on the successes you've enjoyed and the challenges you've experienced during the current year. Identify the lessons learned and incorporate them into your plans to improve your business for next year.



YOUR TAXES

Using the last quarter of the year to prepare for next year's tax time is every bit as important as preparation for the business in general. Here are some steps you can take to get ready for taxes.

■ Review financial records

Take the time to review your income statements, balance sheets and cash flow statements from the previous quarters of the current year. Be sure all transactions are accurately recorded and categorized, and identify any discrepancies or areas that need attention. It's a good idea to compare those first three quarters with last year's numbers to get an idea of how your financials are faring.

■ Organize receipts and expenses

Gather and organize all of your business receipts and expenses. Categorize them appropriately to make it easier for your accountant or tax preparer. Consider using accounting software (e.g., QuickBooks®) or apps that can help streamline this process and maintain digital records.

■ Conduct year-end inventory check

For tax purposes, this check will help you determine the value of your inventory and accurately account for any changes. Make note of any damaged or obsolete items or uncollectible debts for potential tax write-offs.

■ Account for bonuses

Holiday time is employee bonus time in most industries. Especially if this is the first year you'll be handing out holiday bonuses, have you worked with your accountant or payroll service (or set up your accounting software) to ensure that any applicable deductions and taxes are taken out? You don't want to get caught having to pay any unanticipated taxes at tax time.

■ Consider deductions and tax credits

Familiarize yourself with the tax deductions and credits available to small businesses. Have you made donations to the charities your business supports? (Don't forget to keep the receipts or other documentation!) Consult with an accountant or tax professional to identify potential deductions applicable to your business. If you still need to make any necessary purchases or investments, check with your accountant to consider whether acting before year-end or pushing them into the next year will do more to maximize your deductions and minimize your tax liability.

■ Review estimated tax payments

Review your estimated tax payments for the current year and assess whether they align with your business's financial performance. If needed, adjust your estimated tax payments to avoid underpayment penalties or unnecessary overpayment. Consult with your tax professional for guidance on estimated tax calculations.

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■ **Submit end-of-year tax forms**

These are the tax forms you need to submit by the end of the year for your business and employees: Form W-2 (for wages paid to employees), Form 1096 (if you employed contract workers), Form 940 (Federal Unemployment Tax, or FUTA, paid), Form 941 (income, Social Security and Medicare taxes), and Form 1095-C (if you provide health insurance to your employees). Check with your tax professional if you need more information.

■ **Make retirement contributions**

If you have a retirement plan for your business, review your contributions for the year. Determine if you need to make additional contributions to maximize your retirement savings and potential tax advantages. Be sure to make these contributions before the year-end deadline. It's also not a bad

idea to check with your financial advisor to make sure you're taking advantage of the best retirement plans for your small business.

■ **Stay updated on tax law changes**

Update yourself and stay informed on any changes in tax laws or regulations that could affect your small business, and adjust your tax strategies accordingly. Subscribe to reputable tax resources, attend webinars or workshops, and stay connected with industry associations or networks.

While these steps can help guide you in preparing for next year's taxes, tax laws are complex. It's crucial to consult with an accountant or tax professional who specializes in small business taxes. They'll help you navigate tax law complexities, identify potential deductions and ensure compliance with regulations. Their expertise will save you time, reduce errors and optimize your tax strategy.



Check with your financial advisor to make sure you're taking advantage of the best retirement plans for your small business.

Summing it all up

We hope this eBook will help you find ways to use the fourth quarter of the year to finish strong and prepare for your next year of business success. If you'd like an experienced guide to assist you in the financial areas of your business—someone who can provide personalized advice based on your specific business situation—and would prefer to work with a trusted advisor, we stand ready to help.

Just click the **GET IN TOUCH** button and complete the brief form or give us a call. We look forward to hearing from you!

