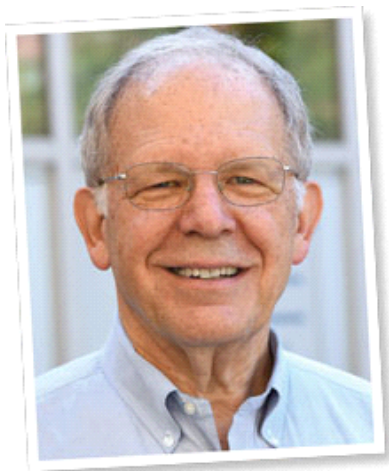


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Make Your Cash Work as Hard as You Did

Bill McCurry



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“You bought a Maserati delivery vehicle?” Was the garden center owner serious? Post-COVID-19 spring rush, some operators have more cash on hand than usual. In past summers, some retailers called with cash flow concerns. This year the phone’s been busy. The calls have been, “How do I shelter this from the tax man?” or “Can I sell my business at this peak time and retire?”

After some of the past years, the 2020 and 2021 spring seasons were a relief for most. That shouldn’t mean we can be overly frivolous with this cash earned through the effort, stress, sweat—and even tears—of many people going “above and beyond” in very trying circumstances. Here are some sensible areas to invest that cash. Check with your accountant by October 1 to understand the tax implications of any decisions.

Your team. The employment market has become more competitive. Some companies are only operating partial hours because they lack enough employees. Now might be the time show to show your team appreciation. Think of creative ways to do this that will help retain staff without perpetually increasing your costs going forward. A pay raise continues forever. A significant one-time bonus shows your appreciation while maintaining 2022 expense levels until understanding what 2022 will bring.

The owners. Is it time to reconsider retirement planning for owners? Consider also the full-time and part-time employees. What will your team value? Perhaps just matching what people put into their IRAs can be a first step toward getting your team to think about retirement planning.

Health plans and benefits. Are they competitive and fill your team’s needs? Have you ever given a departing employee their COBRA information and they gasp, “How much is healthcare?” One retailer uses mybenefitstatements.com so employees know exactly how much they cost the employer. It’s commonly 25% to 50% of their W-2. Showing them these costs gets you credit for the benefits you provide.

Team Development. Walmart announced they’ll pay for workers’ college degrees. Lorraine Stomski, Walmart VP, said, “Employees who have participated in the program are twice as likely to get promoted and are retained at a ‘significantly higher rate’ than other workers.” The Walmart program is impressive and will groom employees for promotion and job growth. It’s a super benefit for both employees and Walmart. It’s restricted to job-related

educational requirements at specific universities. Last month we suggested you ask your CPA about tax consequences for paying down your employees' student debt. What benefits can you add/modify that will mean a lot to your employees with less strain on your cash?

Infrastructure. Take a look around the property. Have you put off repairs, painting, patching and general maintenance that improve your facility's curb appeal? Does your parking lot (and its drainage) appeal to well-dressed customers with nice cars? Do wobbly wheeled carts need repairs or actual replacing? Is it time to increase efficiency with a new checkout lane and improved IT infrastructure? These updates and expansions may reduce your tax load while improving success next year and after.

Pundits feel horticulture in 2022 won't be able to grow much above the 2020/2021 volumes. Your inventory might not sell out just because you have it. It's likely 2022 will be more competitive because customers may be more discerning.

Bank balance alone isn't an indicator of your entire financial health. Some garden centers have very low inventory levels. Some of that cash in the bank must be reinvested in inventory for their next season. Work with your accountant. Do a cash flow budget to ensure you know what your needs will be before you commit to any investment plans.

Don't let a penny leave your bank account without understanding how and when there will be payback in terms of employee retention, additional sales, increased productivity, higher profits, etc. You've worked hard to get that cash; make it work hard to give you even more returns. **GP**

Bill would love to hear from you with questions, comments or ideas for future columns. Please contact him at wmccurry@mccurryassoc.com or (609) 688-1169.