

Seasonal Planning as a Business Advantage

How manufacturers and distributors can turn seasonal challenges into competitive wins

The operating environment has become more demanding. Input costs are up; supplier terms are tighter and supply chain variability isn't going away. For manufacturers and distributors, these compound during the moments when the business can least absorb them.

That's what makes seasonality a strategic issue, not just an operational one. It's often framed as variability in demand, but the challenge is timing.

Companies that get the timing right pull ahead. Those who don't spend every cycle trying to catch up.

Where does your business cycle experience strain?

For most businesses, the real friction shows up in a few ways:

- ➔ Sales commits to timelines operations cannot deliver.
- ➔ Inventory either sits too long and ties up cash or moves faster than it can be replenished.
- ➔ Receivables lag peak sales right when cash is needed the most.
- ➔ Credit covers the same gap every cycle, but the underlying problem doesn't shrink.
- ➔ Off-season becomes cleanup instead of preparation.

If these feel familiar, the issue is not unpredictability. It is misalignment across functions and across time.

What separates proactive planning from reactive planning?

Businesses that navigate seasonality well do three things: forecast with timing in mind, identify constraints earlier and build internal alignment before committing capital.



What that looks like in practice:



Pressure test: Review supplier flexibility, production capacity and receivables timing before peak. Don't let sales commitments run ahead of operations.



Don't assume volume: Long-standing customer relationships don't guarantee future order sizes or payment terms. Personnel changes on the customer side can shift, so stay current on who is making decisions.



Plan at two horizons: Annual cycles are where you execute. A 2-5-year view is where you get ahead. Growth in headcount, locations and infrastructure takes time.

The goal is simple: identify where the seasonal cycle breaks and build financial structures that move with it. The best time to pressure-test your seasonal strategy is before the next cycle begins. Frost's business banking team brings deep industry knowledge and a practical understanding of how seasonal businesses operate and can be a sounding board as you plan ahead.

Working capital: where strategy becomes visible

Working capital is not only about access to capital, but about managing the timing of inflows and outflows. A useful measure is the cash conversion cycle (CCC): Days Sales Outstanding + Days Inventory Outstanding - Days Payable Outstanding. In seasonal businesses, CCC typically expands 30-60 days ahead of peak as inventory builds and receivables lag. Small reductions meaningfully lower working capital needs and highlight where operational changes drive the most impact.

While a revolving line of credit is a good tool for bridging that seasonal timing gap, it's also important to coordinate a set of mechanisms to compress the gap itself.

- ➔ **Implement a sweep feature:** Automatically applies excess daily balances against the line, reducing interest expense without manual oversight.
- ➔ **Move from check-based payments to ACH:** Eliminates bank float, giving fund access when you need it.
- ➔ **Control disbursements with precision:** Similar rigor applied to outflows creates additional cash runway alongside better cash inflow management.

Together, these mechanisms ensure debt payments stay aligned with actual cash generation.

Where margin is created

Margin in seasonal businesses is often won before peak begins. For example:

- ➔ Buy inventory in the off-season when supplier pricing and terms are more favorable when demand is low.
- ➔ Capture early-payment discounts so you can pay vendors early and take discounts.
- ➔ Hire ahead of ramp by recruiting skilled labor in the off-season to reduce costs and eliminate the scramble when demand returns.
- ➔ Plan for obsolescence by anticipating regulatory changes and product evolution and managing off-season cash to enable proactive inventory refresh.

Know who to lean on

To navigate seasonality most effectively, draw on a circle of advisors, banking partners, CPAs, attorneys and peers to offer perspective. Questions worth bringing to that conversation:

- ➔ Where in your cycle does cash typically get squeezed, and for how long?
- ➔ Are sales and operations aligned on what can be delivered at peak?
- ➔ Do your vendor and customer contracts account for cost variability and supply disruptions?
- ➔ Who on your advisory team has seen this industry cycle before?



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