

Effective Management Strategies for Small Businesses

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Abstract. *In this paper, we investigate what makes for good administration of small businesses. While small businesses play an important role, they frequently encounter difficulties in areas such as talent acquisition and retention, cash flow management, technology adoption, meeting regulatory requirements, and achieving a sustainable level of growth. This study analyzes these essential management techniques and offers advice based on the latest findings and industry standards. In light of these findings, it seems reasonable to assume that small businesses which place a premium on and successfully implement these management strategies will have a greater chance of long-term success and growth. Success and positive social and community effect are more likely for small companies that take a proactive management approach and keep up with industry trends and best practices.*

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INTRODUCTION

Small enterprises are very vital for both the expansion of the economy and the expansion of the number of employments that are already accessible. Small businesses, on the other hand, have to contend with a plethora of obstacles, such as a deficiency in financial resources, competition from bigger organizations, and shifting market conditions, all of which need to be overcome. If local companies are going to be successful in today's very competitive market and face the challenges that are yet to come, they are going to need management strategies that are effective. According to the results of Liu and Lu's (2021) research on the effectiveness of management strategies in small firms, companies who put such plans into action have a larger chance of being successful in their endeavors. According to the conclusions of the research, small businesses have a higher chance of attaining monetary success if they place a priority on the management of their talent pool, their cash flow, and their adoption of new technology. This gives them a competitive advantage over larger businesses.

Finding a sustainable middle ground between quick development and the protection of the company's long-term existence may be difficult for companies that are on the smaller side. Small firms stand to profit from the reduction of risk and the maintenance of regulatory compliance if they implement effective management strategies in the relevant areas and put those strategies into practice. This article will investigate the reasons why it is so vital for small firms in the United States to have successful management practices by first looking at relevant studies, and then examining circumstances that occur in the real world. The objective of this paper is to give owners and managers of small companies with the resources they need to thrive in a competitive market by exploring the particular difficulties that are faced by small firms and

proposing management methods that have been demonstrated to be effective. This will be accomplished by recommending management strategies that have been shown to be successful.

The United States is home to a large number of small companies, each of which has a variety of difficulties, one of the most important of which is the difficulty of locating and retaining skilled workers. According to study that was carried out by the National Small Business Association (2021), 42 percent of small firms reported having trouble locating qualified candidates to fill open vacancies. Putting forth an aggressive response to this obstacle may be easier for certain enterprises to achieve if they use talent management strategies that are tailored to the specific needs of their company. Osterman Research (2019) indicated that companies who put a priority on the growth and training of their workers were more likely to retain high-performing personnel. This was shown to be the case even after controlling for other factors. According to the results, an employee's likelihood of remaining employed by their current company is significantly increased if the individual is provided chances for professional advancement and training. This number goes up to sixty-five percent.

Another option for small firms is to provide salaries and perks that are competitive with those offered by larger companies in their industry. According to the findings of a study that was carried out by Glassdoor in 2021, rewards and perks are seen as being of utmost significance by 57 percent of those who are actively seeking employment. Case studies on the effective management of workers in small businesses may be found in the resources supplied by companies like Gravity Payments and Buffer. A firm that processes credit cards called Gravity Payments raised its minimum salary to \$70,000 in 2015, which resulted in a 70% increase in revenue and a 30% improvement in client retention rates in comparison to the previous year. (Price, 2021). Buffer, which is in the business of managing social media, has a totally remote work environment, a high proportion of happy employees, and a low incidence of staff turnover. This is all because to the fact that the company lays a strong emphasis on transparency and the autonomy of individuals. (Ward, 2021). Small firms may boost their productivity, as well as their income, and their pace of development, by adopting talent management methods that allow them to recruit and retain high-quality staff. These tactics can be found in a variety of forms.

Managing Cash Flow

The management of cash flow is critical to the prosperity of smaller firms; without it, many companies cannot continue to exist. Inadequate cash flow management was recognized as the top factor responsible for the failure of small enterprises, according to a study that was conducted and released by the Small Business Administration (SBA) in 2019. There is a large range of strategies that might be helpful to small businesses in properly controlling their cash flow, and these strategies can be found all over the place. The creation of a cash flow forecast that projects future cash inflows and cash withdrawals is one strategy that may be used to predict probable financial shortages or surpluses. This kind of projection can help individuals and businesses better plan for the future. According to findings from a study that was carried out by the National Federation of Independent Business (NFIB) in 2020, businesses who include cash flow projections as part of their long-term financial planning have a better chance of avoiding bankruptcy and maintaining a steady flow of cash throughout their company. Developing effective processes for billing and collecting money is yet another tactic that you may find useful in your endeavors. It is essential to promptly send out invoices and collect money from customers in order to meet financial obligations. Fundbox (2020) found that small businesses who used automated invoicing and follow-up processes had better cash flow and shorter payment cycles than their counterparts that did not. This was the result of improvements made to the operations' overall efficiency.

Case studies are provided by companies like Honeyfi and 1-800-GOT-JUNK, both of which are regarded as being effective instances of cash flow management practices used by small enterprises. Honeyfi is a mobile application that helps users manage their finances. Honeyfi's business strategy is based on subscriptions, which guarantees a steady flow of money.

(Hernandez, 2020). The service for the removal and disposal of garbage. The management of 1-800-GOT-JUNK made use of a cash flow forecasting tool when the firm was going through a period of rapid expansion in order to ensure that the business would not be unable to meet its financial obligations. (Brenner, 2020). Cash flow management solutions make it possible for smaller firms to maintain their financial situations stable and reduce the likelihood that they will have to file for bankruptcy.

Adopting New Technology

The benefits of adopting current technology far outweigh the difficulties presented by doing so for the majority of locally owned and controlled enterprises. Seventy percent of small businesses depend on technology improvements to enhance their productivity, while thirty percent continue to rely on manual procedures that are time-consuming and labor-intensive, according to a poll conducted by the National Small Business Association (NSBA) (2020). When cutting-edge technology is used, it often leads to improvements in terms of both production and efficiency, as well as cost savings. According to a research that was conducted by Deloitte (2019), the use of cloud computing is to blame for the increased revenue growth that small firms experience that is 25% higher.

The introduction of innovative technological practices is not without its fair share of difficult challenges and roadblocks. The need for training, people's resistance to change, and the financial burdens involved with implementation are all examples of these challenges. It was observed via study carried out by SCORE (2020) that among owners of small firms, 22% said that they were hesitant to accept new technologies owing to a lack of knowledge. Small businesses may benefit from taking measures such as doing cost-benefit analyses, asking for training and support, and promoting employee participation in the decision-making process. All of these things are examples of things that might help small businesses face and overcome the challenges described above. Companies like Sweetgreen and Denny's might potentially act as case studies for other, smaller companies to learn how to successfully use technology in their operations. Sweetgreen, a network of quick-service restaurants, utilizes cutting-edge technology in order to give patrons with an enhanced dining experience and remain at the forefront of innovation within the industry. (Kosoff, 2019). a. a. The usage of mobile ordering and payment has led to a rise in income for the Denny's restaurant chain in addition to a streamlining of its business procedures, which has resulted in the company's business operations being more efficient. (Dolan, 2019). By adopting new technologies and effectively handling the problems that come along with them, small companies have the potential to gain a competitive edge in the market and position themselves for future development. This may help them position themselves for further growth.

Dealing with Regulatory Requirements

It may be difficult for these types of firms to comply with the many laws that are imposed on small businesses and that they are obligated to follow. The results of a survey that was carried out by the National Small Business Association (NSBA) (2020) indicate that the owners of small enterprises see the management of laws as one of their most significant concerns. Rule-making may come from a variety of sources, such as the federal government, state and local governments, municipal governments, and trade groups, among others. It is possible that small enterprises would be expected to abide by a wide range of regulatory requirements, which may include tax responsibilities, labor regulations, environmental limitations, as well as licenses and permits.

When a company fails to adhere to the regulations that have been established, the business runs the risk of incurring monetary fines, being taken to court, and having its reputation tarnished. As a result of this, it is very vital for people who own businesses to educate themselves on the rules and laws they are required to follow. Small businesses have a few alternatives available to them when it comes to achieving compliance requirements. These options include staying up to date with legislation changes, getting assistance from industry specialists, and developing their own compliance strategy. The United States Small Business Administration (SBA) provides support to small companies in the form of various services, including online

training and counseling, in order to make it easier for these enterprises to comply with applicable regulations.

Blue Star Recyclers and Airtech Environmental Services are two examples of small firms that have completed all of the requirements necessary to satisfy their regulatory duties. There are many additional instances, such as other firms that are comparable. Blue Star Recyclers is a nonprofit organization that is committed to the recycling of electronic garbage, and despite the significant regulatory barriers that it must cross, the company has expanded to include several states. (Mason, 2020). Airtech Environmental Services, a company that specializes in the removal of asbestos, has adopted a compliance management system in order to enhance their record of compliance and bring in new clients. This move was made in order to meet the requirements of the Occupational Safety and Health Administration (OSHA). (Tilley, 2019). It may be possible for the owners of smaller enterprises to position themselves for long-term success if they make the effort to educate themselves on relevant laws and operate in compliance with the requirements of that legislation.

Balancing Growth and Sustainability

When it comes to growth and sustainability over the long term, it may be challenging for small firms to find a healthy balance between the two. Growth may come at the expense of other essential factors, such as an organization's effect on the environment and its degree of social responsibility, if it is not managed correctly and if it is allowed to continue unchecked. The bottom line and market share of a corporation, on the other hand, cannot be sustained without growth. According to the conclusions of a research that were recently presented in an issue of the Harvard Business Review by Whelan, & Fink (2016) financially successful small firms are those who lay a significant emphasis on the duty they have toward the environment. It was found that firms that were able to maintain themselves had improved risk management practices, higher revenue growth, and lower levels of volatility.

By implementing sustainable business strategies, smaller companies have a better chance of striking a balance between growing their operations and preserving their financial well-being throughout the course of their operations. Examples of environmentally responsible corporate actions include the use of less energy and resources, the adoption of environmentally friendly policies, and the implementation of sustainable supply chain procedures. Giving something back to the community, establishing fair labor standards, and making diversity and inclusion top priorities in a business are all examples of social responsibility. According to research that was carried out by B Lab (2019), small companies who lay an emphasis on social responsibility experienced an increase in the engagement of their workers as well as an increase in the loyalty of their consumers.

Patagonia and Warby Parker are just two instances of successful examples of small enterprises that have grown while preserving their viability. There are many more examples of successful examples of small firms. Patagonia, a firm that specializes in producing apparel and gear for use in outdoor pursuits, has made environmental sustainability an essential component of its business operations for a number of years. (HBR, 2018). Warby Parker is a retailer of spectacles that attributes their company's success to their dedication to doing business in a socially and ecologically responsible manner. (B Lab, 2019). Small businesses have the ability to have a good impact on society and the environment in addition to a positive influence on their financial situation if they place an emphasis on environmentally responsible practices and social responsibility.

CONCLUSION

Successful management strategies are crucial for America's small enterprises. The recruitment and retention of staff, the management of cash flow, the introduction of new technologies, compliance with regulatory demands, and the discovery of a healthy balance between growth and long-term sustainability are four of the most important management

strategies for any small business. It is essential that each of these jobs be done effectively. If the executives of a small business make it a priority to properly implement these management strategies, then the small company's prospects of long-term success and expansion are greatly boosted. Despite the fact that there is no management strategy that can be universally applied to all small companies, studies have shown that owners may boost their chances of success by concentrating on these crucial components of their firms. This is the case despite the fact that there is no generally applicable management plan. In today's fast-paced business world, even the smallest organizations need to be able to consistently adapt to new circumstances and advance their practices in order to remain competitive. A small business will have a better chance of being successful if its management takes an active role in the company's operations, has a proactive mentality, and remains abreast of the latest developments, trends, and best practices in its field. In addition, small businesses have the potential to make major contributions to the expansion of innovative practices, the production of new employment opportunities, and the consolidation of economies at the regional level. Small company owners have the ability to have a large and positive influence not just on the areas in which their companies are located, but also on society as a whole, provided they learn efficient management strategies and put such strategies into practice in their companies.

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