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# Optimize Your Business for a Successful Year Ahead

Running a business is like a game of mental tug of war, constantly pulling your concentration back and forth. It requires balance, focus, multitasking and a well-thought-out plan. As the new year kicks off, it's the ideal time to review and potentially adjust myriad aspects of your business, from cash flow management to employee benefits.



Effectively running your business means planning for daily operations and current needs while anticipating future ones. Taking a deep breath at least once a year to consider the broader perspective is key to keeping everything on track for success.

We tapped First Citizens Bank Senior Vice President Jeff Cobb, who has more than 30 years of business banking experience, to help you build a workable framework for planning throughout the year.

## A quarterly approach

Rather than attempt to tackle everything in one month, Cobb says it helps to break down major categories into manageable pieces that you can tackle throughout the year. This approach lays the groundwork for substantial progress, setting the stage for continuous improvement in the years to come.

"For any business, it's just healthy to understand where you are, where you've been and where you hope to be in the next 2 to 3 years," he says. "Business owners sometimes forget to take a step back and do that because they're always in the grind of the business."

Here's a quarter-by-quarter breakdown to help set you up for business success this year.

### Q1: Evaluate cash flow management and debt structure

[Cash flow management](#) is the heartbeat of your business, and understanding its rhythms as early in the year as you possibly can is essential to financial planning, Cobb says. Work with your banker to thoroughly analyze business cash flow patterns to identify peak and slow periods. Addressing this task early in the year may help you identify potential areas of overspending or misallocated spending that could be cut back to free up more cash.

Cobb recommends considering bank treasury products to optimize cash flow management and lending tools to smooth volatile flows. A [line of credit](#), for example, might help your business accommodate seasonal demands like inventory purchases, payroll spikes and timing gaps between accounts payable, or AP, and accounts receivable, or AR, collections.

If your business has concentrations of AR with a small number of customers or less regular payments, you might want to consider [factoring](#). This may help you achieve predictability and minimize the cost of debt that may be required to keep things running during leaner income months.

With your banker's knowledge of treasury tools and lending options, you can develop a strategic approach that aligns with your intermediate and short-term goals.

"We have a process we've created to help people make business decisions based on the optimal level of debt for their industry," Cobb says. "The company's debt capacity when looking to expand should be considered relative to its operating cash flow and balance sheet capacity."

### Q2: Review employee benefits

In today's tight labor market, employee benefits are a cornerstone of retention and satisfaction. A solid suite of benefits can deliver a competitive advantage for your business by creating an environment where employees want to work. Reviewing your benefits in the second quarter will ensure you're prepared to make any necessary changes before fall's open enrollment, Cobb notes.

If your small business employee benefits budget is tight, think creatively. Don't overlook the potential of smaller perks, such as transit assistance, liberal time-off policies, hybrid work options or on-site meals and snacks. A benefits specialist can help you explore the possibilities and evaluate hidden costs to craft a benefits program that best meets the needs of your employees.

### Q3: Manage payroll and bookkeeping risks

These essential functions are among the most important as a business owner, but Cobb notes that they can also monopolize your time and attention. For some businesses, outsourcing or automating payroll and bookkeeping is the best approach. To determine the best strategy for your business, consider administrative costs and how much time you or other executives could dedicate to other business-critical matters outside of payroll.

"Automating AP or integrated payables has become a much more robust solution than it had been," Cobb says. "Our payables solution can essentially write checks for you and capture invoices, freeing up those in the AP function to do more valuable work."

This is also a good time to review your insurance coverage to ensure comprehensive protection. Consider leveraging bank treasury services, including security and risk management measures that automatically alert you to payment anomalies.

### Q4: Maximize government benefits

Being well-versed in government incentives can significantly bolster your bottom line, Cobb says—and the fourth quarter is a good time to determine whether your business is taking maximum advantage of rules that are meant to help.

There are a range of small business tax credits and other programs at the federal, state and local levels aimed at incentivizing small businesses. For example, you may be eligible for tax credits on energy-saving equipment or other purchases under the [Inflation Reduction Act](#), and you or your employees may also qualify for grants or tax credits that lower the cost of training or continuing education.

Keep in mind that the government's definition of a small business can include some fairly large operations. Depending on the industry classification, the US Small Business Administration can include businesses with revenues from \$1 million to more than \$40 million and between 100 and 1,500 employees in its definition of a small business.

On the retirement benefits side, a range of new tax benefits is available under the Setting Every Community Up for Retirement Enhancement, or SECURE Act of 2019, and [SECURE 2.0](#), which passed in 2022. Your banker can draw on expertise to help you determine what's available that might apply to your business.

## The bottom line

As you enter a new calendar year, remember that effective business planning is an ongoing commitment—but also one that pays off. By addressing each aspect methodically—whether it's optimizing cash flow management, refining debt structures, enhancing employee benefits, streamlining payroll processes or leveraging government incentives and small business tax credits—you'll be equipped to navigate this year's challenges while laying the foundation for sustainable growth.

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INSIGHTS

# Financial insights for your business

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