

How to maximize revenue at small business marina on a lake



How to Maximize Revenue at Small Business Marina on a Lake (Affiliation)

Introduction The profitability of marina businesses is dependent on the season and the prevailing economic conditions of the state. The cost of starting marina business is extremely high and is dependent on the efficiency of employees as well as quality of services the business offer to its clients (Recreational Navigation Commission, 2004). This study focuses on the challenges facing small lake marina and approaches to overcome those challenges.

Competition

Small scale businesses face stiff rivalry in terms of good customer service and low priced products and services offered by well established competitors (United States Congress, 2008). This is because well established large scale businesses enjoy economies of scale when they offer large scale products. Furthermore, well established business can afford to hire qualified workforce and provide employee training that result to efficiency of operations. Small lake marinas face stiff competitions for customers from the public operated marinas and big lake marinas. The big lake marinas and public run marinas have stable sources of finances to finance their activities. In addition, due to large scale of operation the rival marina owners are able to enjoy low cost recreational services hence enabling them to charge their clients competitive fees. Also, the public marinas and big lake marinas are able to provide better services to their clients due to their ability to hire qualified workers (Cooper, & Burke, 2011). There are other cheaper alternative recreational facilities that limit the performance of marinas; hence marina operators should utilize efficient technology to provide a wide range of recreation facilities and increase business profitability.

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Financial Management

The growth of small business revenue depends on the managers ability to use the finances appropriately throughout the financial year. Many businesses face characteristic fluctuations in the flow of finances since in some periods the income is lower than the cost with some seasons of huge sales hence greater incomes (Kariv, 2013). Therefore, since the fixed cost of running the business remains constant throughout the year, the business managers should be able to distribute their incomes throughout the financial year. However, small scale businesses are rarely able to distribute their finances throughout the year because of lack of financial reserves (Prosek, 2011). For this reason, small scale business relies heavily on borrowings from banks and other financial institutions that charge interest on the loans hence reducing the business profitability. For example, small lake marinas rely on earnings from their clients. Since the business is recreation in nature and the flow of clients vary with seasons, the management face a lot of challenges in managing their finances to sustain the operation of the business throughout the year (Mill, 2008). The managers of the small lake marinas can improve the management of their finances by adopting modern technology that result to reduction of the operation expenses.

Staffing

Small scale businesses find it hard to hire the best employees and provide them with appropriate training in order to remain competitive in the market (Alex, 2008). This challenge is posed by the fact that businesses have to incur additional cost for hiring qualified workers and provide employee training. The same challenge is facing small lake marinas because most of these businesses are owner operated or they are run by low-paid, but less

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qualified employees who cannot deliver competitive services to the clients (Bannock, 2005). Hiring competitive workers is an essential management tool of the business because qualified workers increase efficiency of operations that result to low cost and increase in business profitability.

Conclusion

Operating small lake marina has a lot of challenges, but these challenges can be alleviated by employing appropriate technology, improving marketing techniques and operational efficiency

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