

SMALL BUSINESS

Small-Businesses' Sales Decline Amid Winter Weather

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Maureen Anderson, president of Carpet Fair, which has six flooring stores in the Baltimore area, says cold weather has contributed to a 16% decline in sales so far this month. *Matt Roth for The Wall Street Journal*

The unusual snap of cold weather is taking a toll on small-business owners, who are likely to have less of a cash cushion than bigger firms to tide them over when things get tough.

At Carpet Fair, Inc., which owns six flooring stores in the Baltimore area, sales are down 16% so far this month from the same period last year and Maureen Anderson, the chain's president, says it is all weather-related.

"There's a direct correlation, especially in my business," she says. "If an appliance breaks or a TV breaks, people want to replace it right away. If flooring needs to be replaced, they can wait a little bit." She expects sales for the first three months of the year to be down by about 10%.

Small-business owners nationwide started the year with high hopes, amid signs that consumers were ready to start spending more freely again and credit markets thawing. Many were poised to ramp up spending and hiring plans.

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But since then, winter storms have swept across the South, the Northeast and the Midwest, while a drought in California is causing headaches of its own. For some, the weather has hurt business by causing delivery delays, lowering worker productivity, or as Ms. Anderson cites, by keeping

customers at home.

Nearly one in three small-business owners across the U.S. say winter storms have forced them to lower their sales outlook for the January to March period, according to a Wall Street Journal/Vistage survey of 727 small-business owners and executives, fielded online from Feb. 10 to 19.

To be sure, big businesses are suffering weather-related setbacks too. All told, the harsh winter will likely slow down economic growth, taking about 0.3 percentage point from inflation-adjusted gross domestic product this quarter, according to a separate Wall Street Journal survey of economists.

But small businesses are much more susceptible to loss associated with a prolonged winter, compared with bigger firms. Small companies typically have less capital, smaller lines of credit and more expensive debt.

Carpet Fair's Ms. Anderson says she is extending her annual "Presidents Day" sale for the rest of the week to bring in more shoppers.

Fairview Greenhouses and Garden Center in Raleigh, N.C., also had to cut prices to make up for having to close three days last week, because of unusual icy conditions in the area.

The timing was especially hard for the greenhouse, having occurred during the week of Valentine's Day, when the store does its best business in

the winter. "We were left with a lot of perishable items," in particular, unsold flowers and plants, says Heather Rollins, whose family owns the firm. "We put things on sale to try to move them more quickly and use them in different displays."

To cope, Ms. Rollins said she is considering cutting back on some expenses, such as radio ads.

Rohit Arora, CEO of Biz2Credit, a New York-based small-business lending broker, says small companies need not retrench as a result of the harsh winter, and should instead plan to spend more. "Because the demand will come back," he says.

Hank Fox, who owns the Fox Group, a print finishing company in Quakertown, Pa., says the weather has made it harder to match the \$16 million in revenue it posted last year. Last week's storm, for instance, temporarily shut down production, forcing his 115 workers to put in longer hours to meet a tight deadline for a client's product launch, he says.

Robert Stangel says Container-It LLC, his Portland, Ore.-based firm, typically sells between 10,000 and 12,000 shipping containers a year at more than 50 ports and terminals from New York City to San Francisco. In a good year, the family-run firm, which Mr. Stangel launched with his brother in 2000, brings in about \$20 million in revenue, he says. But this year, snowed in shipyards and frozen roads are creating lengthy delays in the firm's supply chain, especially in the northeast, where customers are having difficulty picking up containers.

The delays mean less cash is coming in, he says, while at the same time bad weather is prompting fewer merchants to transport goods. So far, he blames the weather for shaving about 40% off sales in the northeast—where the bulk of his containers are sold—and about 10% off sales in places like Kansas City, Miami and New Orleans.

"We had a good December and we were heading into a strong year," he says. "But there's not much you can do about the weather. It is what it is."

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