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INSIDE THIS ISSUE

FROM THE PUBLISHERS: <i>The Right Tool</i>	Page 2
DAILY CASH CONTROL: <i>Nipping Problems in the Bud</i>	Page 2
HOW TO MANAGE RIGHT-BRAINED DESIGNERS: <i>A Delicate Balance</i>	Page 4
SUCCESSION SERIES #1: <i>Are You Ready to Let Go?</i>	Page 6
BY THE BOOKS: <i>Discounting Dangers—Competing Creatively</i>	Page 7
INQUIRIES & ANSWERS: <i>Teamwork; Training Pays Off</i>	Page 8
NORMS: <i>Mileage Rate</i>	Page 8

QuickTakes

*Ideas You Can Put
to Work Immediately*

1 Tasks & Results

Some people work to complete assigned activities. Others work to get results. The best employees want to take responsibility to achieve outcomes—perhaps even identify problems and develop strategies to address them.

Position and train your staff to hit goals—not simply to appear busy. Recognize effort, but reward results.

2 Connect the Dots

Voice praise every day. And make it specific. Not just “Good job” but “I see that you are counting every stem and that will help us hit our cost control targets.”

This will help your employees connect their work to real outcomes and create a culture in your shop that applauds success.

3 Hire Winners

Even in this tough labor market, don’t settle when hiring. Look for confident, enthusiastic employees who want to accomplish something for themselves and the business. The kind of people who will do whatever it takes to succeed.

Zig Ziglar said, “You can’t consistently perform at a level that is inconsistent with the way you see yourself.” Hire people who see themselves as achievers and winners. They will excel.

THE RIGHT TOOL



The other day I was trying to tighten a loose cabinet door hinge. I needed a Phillips screwdriver but couldn't find one.

I did have a regular screwdriver and made some progress by holding

the screwdriver at an angle and turning it in an arcing motion. But the task took longer than it should have. And the screw never really tightened.

The next day, I had to install a keyboard drawer on my desk. The brackets also used Phillips screws. This time I had an electric drill with a Phillips attachment.

Zip. Zip. Zip.

Each screw tightened firmly in less than two seconds.

What a difference having the right tool makes in completing a job quickly and effectively. No wasted time. The desired end result.

The same is true in your business. The right tools make your tasks easier and quicker. You also will be much more profitable.

For example, each designer should have a pricing chart that shows how much perishable product goes into arrangements at specific price points. This simple tool makes controlling cost of goods sold (COGS) simple.

A floral-specific income statement at the end of each month is another helpful tool. When prepared properly, it will show whether your business is on track financially. All the key numbers will be right there to see. Both of these can be found in *The Profit Minded Florist*, available from Teleflora.

Always use the best tools for running a profitable business.

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On the cover: Teleflora's
Fall in Love



Daily Cash Control

Cash is the fuel that keeps your shop's engine running. It pays the bills, buys the flowers and covers your wages.

It's also an asset that changes every day. To be in firm control of the business, you must track your cash throughout the year.

- How much is coming in?
- What's the breakdown between cash sales, credit cards, house charges and payments on account?
- And what are all the receipts for?

You can't answer these questions once a year, once a month or even once a week. Daily cash control must be just that—a daily affair.

WHY IT MATTERS

You only balance your checkbook once a month. Why should you check your sales receipts every day?

There are at least two reasons.

1. It's Safer

If a cashier is stealing a few dollars or a salesperson is ringing up sales incorrectly, that situation needs to be addressed immediately. Finding out a week or a month later that you don't have all the money you took in is too late.

Daily cash control helps you spot and correct little problems before they become big ones.

2. It's Easier

Same basic principle as above. Verifying 40 daily sales payments is much easier than waiting until the end of the week when you have 200 or more.

A mis-keyed or voided sale is easy to spot in the smaller group.

The same mistake is more difficult to locate when you must go through hundreds of transactions.

BALANCING ACT

Understand and use the simple formula in the box and you'll be well on the way to sound daily cash control.

ADD IT UP

- + Non-taxable sales
- + Taxable sales
- + Sales taxes
- + ROAs

Must equal
Cash

- + Credit cards/debit cards
- + Gift certificates
- + Discounts
- + Paid-outs
- + Charges

If your daily totals balance perfectly, congratulations! If cash is over or under more than a few dollars, find out why. Do you just need a small adjusting entry to "cash +/-" or is there a bigger problem to solve?



Nipping Problems in the Bud

There are two parts to the formula. First is “what to account for.” Second is “how it was paid.” For proper control, the two sides must balance.

Sound simple enough? It really is.

What to Count

To begin, let’s look at “what to account for.” This side has four components. Taxable sales. Nontaxable sales. Sales taxes. And ROAs (“received on account”—payments that came in on house charge accounts).

This breakdown makes sense. Some sales are taxable. Some are not. You also must count sales tax (provided your state has a sales tax). Finally, you collect payments for previously charged sales.

Adding all four together gives the total amount of money you need to account for.

How You Were Paid

The next step is to match the receipts with the various ways the customers paid.

Cash receipts are the most straightforward payment type—and quite easy to calculate.

Open the cash register. Take out any change with which you began the day. The remaining coins, currency and checks are your cash receipts for the day.

Non-Cash Receipts

Non-cash receipts—the second major type of payment—come in five varieties.

Credit cards/debit cards are just as good as money in the bank. You deposit each day’s card payments directly to the bank through your credit card processor. (The processor takes out its fee later. So, that expense doesn’t affect your daily cash totals today.)

Gift certificates used to purchase products are also included in non-cash receipts.

Note: This does not include the initial sale of the gift certificate—only when customers use previously purchased gift certificates to purchase product.

Discounts occur in a couple of ways. First are coupons redeemed by the general public. For example, a “\$5 off” online coupon on your website. When a customer buys a \$30 arrangement with \$25 cash and the \$5 coupon, you would show two forms of payment. The \$25

OOPS


Notice we said that cash receipts, non-cash receipts and charges should equal the total amount you have to account for.

In reality, you’ll often be off a little bit. The most common reason is that a salesclerk miscounted someone’s change.

Don’t worry about occasional—and small—mistakes. These are part of doing business. Just add a “Cash Over/Under” line to make up the difference.

However, if you are under more than a few dollars or are consistently \$5 or \$10 short, there’s probably a different problem.

A big but isolated shortage may have a simple explanation. Perhaps a voided sale was not corrected at the register.



Daily cash control helps you spot and correct little problems before they become big ones.

comes under cash receipts. The \$5 coupon is a discount. Same result if you give employees a discount.

Paid-outs are a bit more complicated.

Most florists handle their paid-outs through the cash register. Every dollar you take out of the register reduces the day’s receipts by a like amount.

If you take this approach, track how much cash you spend each day and what you spent it for by putting receipts in the cash drawer.

Charges are the last category.

You aren’t paid immediately on house-account sales or incoming wire orders. You create a receivable at the time of the sale.

Use the full gross value of incoming wire orders. The sender’s share of the order doesn’t have anything to do with the daily cash-control process.

When you add wires-in and charge sales to cash and non-cash receipts, the total should match the amount you have to account for.

But a pattern of daily cash being consistently under can signal that a thief is in your midst. An employee is helping him/herself a few dollars whenever the opportunity arises. In this case, begin watching the register carefully. See if the problem disappears when certain employees are absent. Stop the bleeding.

DEPOSITS

You may not want to visit the bank every day to make a deposit. Once or twice a week may be more your style.

That’s fine. It’s still a good idea to balance each day’s cash activity.

DAY BY DAY

Remember, the only way to keep tight control of your cash is to balance it each and every day. Don’t wait a week or a month until a problem hits you in the face.

A good point-of-sale (POS) system will make this task a breeze by preparing the daily report for you. 🌀



Out-of-control cost of goods sold (COGS) for arrangements can destroy your profitability. The typical cause of this problem? Designers putting more flowers into arrangements than the pricing formula allows.

Floral Finance recommends that COGS (fresh flowers and greens cost only) for arrangements not exceed 25% of the arrangement's retail price. The most profitable shops keep it under 22%.

Managing the design process effectively is one of a flower shop owner's most important financial responsibilities.

Designers want their finished products to look beautiful—forget the cost. Unfortunately, that attitude won't produce the owner's desired bottom-line results.

Consequently, financial performance often boils down to one big question: "How can a left-brained manager control right-brained designers?"

WHAT IT'S ALL ABOUT

The brain is divided into right and left hemispheres. A narrow bridge of nerve fibers connects these hemispheres.

The way the two sides function and relate was long a mystery to the medical world. The first clues came from studying a group of patients being treated for epilepsy.

The treatment for one particularly difficult form of this disease required severing the bridge between the right and left hemispheres.

Outwardly, patients who had undergone this procedure still appeared normal. However, landmark experiments soon showed that the two halves of the brain were doing different tasks. The lack of a connection between the two lobes made it easier to locate which activities were controlled by each hemisphere.

LEFT HEMISPHERE

Generally speaking, the left side of the brain is where routine and explicit functions are carried out. For example, giving or receiving directions is a left-brained task.

You can't drive a car down the road and stay in the proper lane without the left brain. You can't file your income tax return without it.

Whatever is logical, definitive and ordered finds its origin on the left side.

The more technological our society has become, the more dominant the left brain.

RIGHT HEMISPHERE

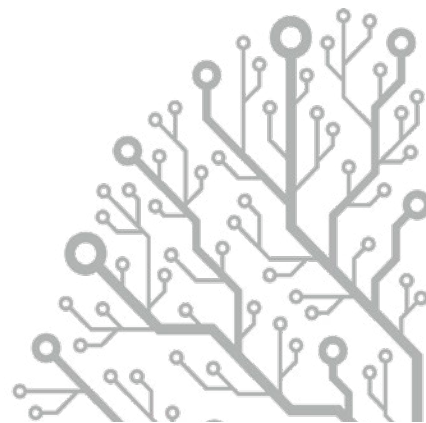
Here lies creativity.

The right brain is visually inspired and innovative. It is holistic, daring and visionary. It resists rules and regulations.

Creativity comes from the right side. Hence the belief that creative people are different or unusual because more of their actions are controlled by the right brain.

Creativity. Innovation. A visual orientation. All the traits that make floral designers so talented come from the right brain.

So ... how does an owner who is thinking logically best manage a designer who thinks creatively and resists rules?



How to Manage Right-Brained Designers



THE TRUTH

The starting point is recognizing that the brain's two hemispheres work together. They are not separately operating command centers. They interact all the time. Both are essential to almost any activity.

Some examples may help.

Language

The left brain understands syntax, grammar, vocabulary and sentence structure. The right does not.

People who have strokes or injuries on the left side of their brain often will have difficulty speaking and communicating.

However, the right brain also plays a role in communications. That side interprets emotion and intonation. These subtle aspects of communication are just as important as the words themselves.

So, getting the full impact and meaning in a book or conversation involves both halves of the brain.



A Delicate Balance



Music

A composer uses her right brain in the creative process. However, the left brain allows her to reduce a tune to notes on the page.

When you listen to music, the right brain is much better at distinguishing chords. The left brain is better at distinguishing which note came first.

Once again, both sides are involved.

Writing

The creative aspect of writing comes from the right side of the brain.

The concept of the story, the emotional interplay, intrigue between characters—all start in the right brain.

The left brain puts the ideas on paper. Words. Sentence structure. Organization.

IT'S TRUE

The left brain is logical and verbal. The right brain is visual and creative.

However, you can't function effectively without both halves working together.

Right-brained employees do not want to be burdened with detailed procedures.

And that's a problem. The manager's job is to create a structure that will produce a profitable business.

MORE FACTS

The manager is correct in thinking that proper controls produce profit. The designer is equally correct in believing that creative freedom is necessary to fulfill customers' desires.

Bringing the two together is the challenge.

The first point to recognize is that in our technological society, almost everyone is left-brain-dominant to some extent. Even creative designers.

Second, none of us use more than 10% of our brain's potential. We all have plenty of room to learn and grow. This should be good news to the left-brained manager. Designers do have a left brain. They can follow procedures. And they can grow. Ultimately, a profitable business will require rules and order. Everyone must follow those procedures.

However, demanding adherence won't work. The manager might get conformity; he won't get cooperation or happiness.

SENSITIVITY

Everyone wants to be treated with understanding. Especially creative people who operate from a more feelings-oriented perspective.

If a designer has to stretch a bit to keep the rules, the manager must work

to make those rules as simple and acceptable as possible.

Good managers also will build in intentionally creative activities to compensate for the required structure.

With a simple system and added creativity, the designers will be happier and the business will prosper.

A SIMPLE SYSTEM

The best workplace systems will help—not distract—the designers.

For example, asking designers to work with cost figures unnecessarily complicates their job.

Floral Finance recommends that designers mark every item at retail. Flowers. Containers. Special supplies (such as easels).

For custom arrangements, have designers complete a simple design form (or record the items used on the back of the design tickets). Counting the retail price of every item will help designers get the correct retail price for each piece.

Standard arrangements make the process even easier. The designers just have to follow the "recipe." Fifty copies of a given design all will be the same. Even more importantly, all the arrangements will be profitable.

ADDED CREATIVITY

To compensate for the increased structure, build in opportunities for the designers to be truly creative.

All flower shops should sell their own special designs. Not just wire-order promotions. Designing these specials can be an ongoing and rewarding part of the job. It allows designers to experiment and enjoy expressing their creativity.

Change house specials regularly. Rotate in new designs as you drop older ones. Create holiday and seasonal designs as the calendar dictates.

However, even on these specials, an element of control is essential. The designs must hit the desired price points.

Consider contests to entice designers to create appealing and profitable specials. Jazz it up. Make it fun. Award prizes. Feature the winning designers on your Facebook page. Give monthly and seasonal winners a prime parking place.

IT'S UP TO YOU

Designers need to understand that their jobs depend upon the shop's success. Only a profitable shop will be able to keep the designers working.

A simple system that also allows designers to be creative will produce the proper balance.

Right-brained designers may see the new system as an imposition at first. Be patient. Be understanding. Be sensitive. What initially seems challenging soon will become routine.

The designers' right-brained inclinations will be satisfied. The organizational needs of the business will be met. COGS for arrangements will be kept in line. And ... profitability will follow. 🌸

**YOU CAN'T
FUNCTION
EFFECTIVELY
WITHOUT BOTH
HALVES WORKING
TOGETHER.**

Owners often dream of retiring and turning their businesses over to someone else. Either the next generation in their family or new, outside owners.

Because these transitions are so common, we are launching a series of articles exploring succession planning and execution.

It's not an easy task. For starters, here's a checklist of items to consider before you make the move.

1. Am I committed to family succession? Is this a deeply held dream?

If so, know that the process will bring hurdles, challenges and disappointments. It's not a path for the fainthearted.

Only with a strong commitment will you be able to stay the course.

2. Will my spouse and I be financially secure after retirement?

You will make more money by keeping a successful business than by selling it. Even a good sales price will equal only about four years of earnings—and no salary.

If your retirement savings, savings income and Social Security are not enough to live on, you may not want to sell. Semi-retirement might be a better option. An ongoing business can provide you with much-needed supplemental income.

3. Have I chosen a successor and set a firm date to retire?

Dreaming is good. Actual names and plans are better.

4. Do I believe in life after retirement?

Many owners love what they do and can't imagine doing anything else.

If you're one of those, think twice about retiring. It might not be the best path to a satisfying life.



Are You Ready to Let Go?

5. Does an absorbing new challenge or interest await after I retire?

Hard workers often dream of one day retiring to enjoy nonstop golf or lazy days on a warm, sunny beach.

This is rarely realistic. People who pursue this kind of retirement typically are disappointed after just a few months. Many don't live long.

For most of us, work brings fulfillment and stimulation.

Moving from running a business to a new personal challenge can improve the quality and length of your post-retirement life.

6. Am I able to delegate decisions and authority?

Do you have the skills and character to produce a successful transition?

Training successors to be good business stewards is not easy. You must be willing to trust, to delegate, to let things go.

Only through making decisions can a successor learn to manage properly.

Are you prepared financially and emotionally to endure the inevitable mistakes caused by the new owner's inexperience?

7. Am I willing to let the new owner take risks?

Successors sometimes want to take the business in a new direction, try an unproven product line or launch a new promotional strategy.

New directions can be exciting. They also can be expensive—because they may not work.

It's all a part of the learning and growing process.

8. Am I willing to share all company financial information?

As you hand over authority, you also will have to hand over bottom-line responsibility. That means opening the books. Your successors

need to know exactly what they are managing.

They must be trustworthy enough to handle confidential data. You must be willing to let the light shine fully on your past successes and failures.

If there is one secret to successfully "letting go," it is running a profitable, financially sound operation. Adequate resources will help the outgoing and incoming owners get through inevitable challenges and mistakes.

Go back and review the checklist. This time, think about how difficult each item would be if the business were only marginally profitable. Then, think about how a ready supply of cash could ease those burdens.

You can be financially secure in retirement if the business has been profitable and you have set the necessary funds aside.

If not limited by financial resources, you can pursue a new, post-retirement challenge or interest.

Finally, if you have built a profitable business, you have learned how to do things right. Solid operational systems and procedures are already in place.

The new owners won't have to make major changes to keep the ship afloat and on course. The employees already know what to do, how to do it and what is expected of them.

A successor can make occasional mistakes without causing the whole operation to crash.

If you're not comfortable with your situation, commit to making your business more profitable. Keep after it until you're positioned to make a successful transition. 🌸

Discounting Dangers | Competing Creatively

For retail florists, sales and discounts hold real dangers. It's not that cutting prices is always wrong. It's just that you must be careful when and how you do it.

ASK WHY

There is only one reason you should discount: to increase your profits. Poorly planned discount programs may have just the opposite effect.

To build a profitable discount program, put three safeguards in place.

1. Limit Recipients

Limit the program to customers who have the potential to buy more from you without cannibalizing current sales.

Businesses are good candidates. A discount could entice them to place a standing order for fresh flowers in their reception area.

Discounts also can entice infrequent buyers to up their purchases. For example, encourage a corporation to give key customers Christmas poinsettias rather than another gift next year. Or send a Valentine's Day arrangement to stand out from other seasons.

2. Require Prompt Payment

Any customer who gets a special price should pay promptly. That's only fair.

Requiring cash (or a credit card) up front is one way to go. Because you will save the expense and hassle of billing (and waiting for your money), you can justify part of the discount.

3. Watch Out for Wire Orders

Concentrate your discount program on local business. Not wire orders.

There just isn't much room to maneuver on wire orders. You get only 20% of an outgoing wire order and 73% of an incoming one. The margins

are just too tight to allow for a discount and a reasonable profit.

ALTERNATIVES

Following the guidelines mentioned previously can help you maintain control of your discount programs.

The bigger question is whether discounting is the right strategy in the first place.

You may be able to keep your margins and better satisfy customers with a different strategy: working harder than ever to deliver better service, greater value and additional offerings.

FREQUENT BUYERS

Develop an array of special benefits for your best customers. The more they buy, the more they gain.

Special Deliveries. Offer higher delivery standards. The kind that can't be easily duplicated by competitors. This could be a 100% reliability guarantee. Or expedited service options (one-hour delivery) that is available for an additional charge.

Advance Notice. Treat your best customers like VIPs by keeping them informed. New gift items. Product

availability updates. Opportunities to place early holiday orders. They'll enjoy and appreciate being an "insider."

Design Classes. Reward top customers with special design classes. Let them learn how to use fresh flowers more effectively in their own homes.

Open Houses. A holiday open house is always special. Why not create a complementary event that honors special customers? Invite your best customers to an "Open House Preview" just before the regular open house begins. Offer extra benefits and specials that won't be available to everyone else.

Customer Newsletters. A newsletter can add value and generate more sales. Use it to thank customers for their business, pass along helpful decorating ideas and subtly promote your shop.

WAYS TO COMPETE

Like all pricing decisions, discounting strategies and details ultimately are up to the individual retailer. Regular use of discounts isn't for every shop.

If you do plan to discount, think through all the issues first. This will ensure the program you develop will be more successful. 🌸

FAMOUS FINANCIAL WORDS

"All animals except man know that the principal business of life is to enjoy it." —*Samuel Butler*

"A society might be better off in the long run if we did not always equate progress with doing something faster."
—*William T. Coleman*

"Consumers spend money when and where they feel good." —*Walt Disney*

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INQUIRIES & ANSWERS Letters

TEAMWORK

"How can I keep good employees? The best one always seems to leave."

Find out why they are leaving.

This is a problem experienced by most small businesses. Studies have shown the following are the most common reasons employees leave:

- Too few advancement opportunities
- Lack of open communication with managers
- Compensation that is too low
- Lack of recognition and rewards for employee contributions
- Promotions given unfairly

Although you can't solve every issue, you certainly can communicate with your employees, recognize and praise achievement, and pay a competitive wage for the industry. Doing so won't eliminate turnover but will help to reduce it.

TRAINING PAYS OFF

"Our owner is pushing us to work harder to train our employees. I don't think that's possible. There's a lot of work to be done and we can train as we go. Who's right?"

Your owner is on the right track.

Have you ever heard about "the tyranny of the urgent"? The phrase describes a trap into which many florists fall. You become so fixed on solving everyday crises that you neglect everything else. Unfortunately, the less visible tasks that don't get done may be more important in the long run.

Training is a good example. It is important. But it may not seem urgent. The tasks that have to be done today take precedence.

That's a mistake.

Think of training as an investment, not as wasted hours. Properly trained designers produce quality product that generates new and repeat business. Salespeople who are instructed in the art of good customer service will increase sales and keep the customers coming back.

Find the time to train.



NORMS

MILEAGE RATE



The Internal Revenue Service has set its 2023 standard mileage rate at 65.5¢ per mile.

The mileage rate is the standard businesses use to calculate reimbursements to employees who use their personal vehicles for business.

The 2023 rate is up from the 62.5¢ rate approved for the second half of 2022.

Although fuel is a significant factor, the IRS also takes other costs, including depreciation, into account when formulating the rate.

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