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## QUICKTAKES

*Ideas You Can Put  
to Work Immediately*

### 1 Fine-Tuned Focus

What do you have a passion for? What do you most enjoy? As much as possible, try to focus your energies on those things.

Ironically, if you try to do too much, you'll end up doing nothing particularly well. However, if you concentrate on the few things you really love, your work will be easy and wonderfully productive.

### 2 Strategic Storytelling

No matter what you want to communicate, you'll be more effective if you include an illustration or a story. Your audience will be able to visualize what you are saying.

For example, to emphasize the danger of shrink, talk about groceries: "Suppose you bought a dozen eggs and a gallon of milk. Then, when you got home, you threw away two of the eggs and poured the first cup of milk down the drain. That's exactly what we do when we break, throw away or give away flowers."

### 3 From Dream to Dream

As soon as you achieve a dream, put another one on your radar.

Dreams empower you. They energize and focus your efforts. You will accomplish much more when you are moving toward a goal than when you are just putting in your time.

## WHAT'S COMING



As a culture, North Americans prefer to see the positive side of things. Optimism is a much-desired trait. No one likes to think about bad times.

We've been raised on *The Power of Positive Thinking*. "Reach your dreams," "go for the gold" and dozens of other slogans inspire us to do our best.

Overly pessimistic people will miss terrific opportunities. However, complete optimism also is not the best outlook. Those who are overly optimistic are at risk of overlooking pitfalls.

The ideal state? Be personally optimistic but realistic in your view of the world.

No one knows what the future holds. The stock market topped in October 2007, went down until March 2009 and since then has pretty much gone up. Over the next few years, it could continue up or it could head down. No one knows how much or when it will move. That's up to millions of individual buyers and sellers.

However, the stock market is a good "early warning indicator" of future sales. If the market heads down consistently, losing several thousand points over time, you can be certain your sales will follow.

*Floral Finance* will focus on profitability throughout the remainder of 2017. Tips, ideas and strategies to help you maintain profitability—whatever the warning signs suggest and whatever the future holds.

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# The Changing Funeral Business

HOW IT  
IMPACTS  
YOU

No one has to tell you the flower business has changed in the last decade or so. In some respects, it's a whole new world. Today's shops have opportunities and challenges that florists years ago never dreamed of.

Guess what? The rest of the world has been changing just as rapidly.

And developments in other industries promise to affect your business in the years ahead—particularly the industries that have some connection with flowers.

Take the funeral business. Funeral directors are facing their own new challenges and opportunities. Some have a direct bearing on sympathy floral sales.

Let's see what some of the biggest developments in the funeral industry mean for you.

### COMPETITION

You may not consider the funeral business as a particularly competitive arena. But the truth is, it's becoming more so all the time.

The local funeral director used to be the hub around which all activities and transactions preceding internment rotated. The casket. The service. Limousines for the processional to the cemetery.

Today, however, families can buy a casket direct from a casket supplier in some communities. That's a big change because, historically, the sale and markup of the casket has been a prime source of funeral home revenue. When someone else sells the casket, the funeral home misses out.

And if the family opts for a simple graveside service or a quick cremation—both increasingly common choices today—the funeral home may be substantially or completely cut out of another revenue stream.

### CONSOLIDATION

Big companies are buying up funeral homes all across the country. When one of these nationwide operators enters a local market, the small, locally owned funeral home suddenly is up against a formidable competitor with marketing clout and other strengths.

For example, the mega-operators may manage their facilities with a clustering style. If one of the homes



has no services or viewings scheduled for a given day, the owners may close that home's doors and forward its calls to another nearby facility.

That means greater economy and efficiency—at a level a single funeral home could never match.

### TRADITIONS

Funeral directors increasingly hear complaints about the waste of putting money into funeral services. Why spend all that money on the dead?

Some communities present additional obstacles. Concerns about safety and clogged traffic routes have led authorities in some areas to restrict funeral processions.

To protect families during a vulnerable time, other communities regulate the manner in which funeral directors can market their services. It's a laudable goal but one that can also interfere with the funeral homes' ability to do business.

### THE RESULTS

Today's funeral directors are looking for new revenue sources to counteract the hits to their traditional business.

Flowers are one obvious possibility.

Some funeral homes are deciding to go into the flower business. To directly provide the floral tributes they have been displaying for years.

In other cases, the funeral director will leave the creative work of floral designing to you. He or she does, however, want a piece of the action on any business sent your way.

Paying 15%, 20% or 25% commissions to funeral homes that send orders to flower shops is a common practice today. Increasingly, funeral directors—especially the chains—build flower commissions into their operating budgets.

Sometimes, funeral directors ask for the commission. At other times, local florists offer the commissions in an effort to beat their competition.

You may not yet have a funeral home flower shop in your community. You may not be fighting the commission game. But you are going to have to deal with one or both of these situations sooner or later.

The question, then, is how you respond to this changing environment. Here are two suggestions.

### 1. Build the Relationships

No matter the situation in your local market, funeral directors will always be among your most important business relationships.

They can direct business your way.

They can refer families and friends to your shop.

Some funeral homes are deciding to go into the flower business.

They can be a source of introductions to churches with whom they work.

So, treat funeral directors as you would any important customer or prospect. Understand their needs and work hard to exceed their expectations. Once or twice a year, set up an appointment to go by the funeral home. Review their procedures and requests. Ask the directors how you can make their lives easier.

The more you can help the funeral directors, the more likely they will be willing to help you with referrals.

### 2. Play the Game Carefully

If you decide that some sort of revenue-sharing arrangement may be warranted in your market, be very, very careful.

For openers, recognize that some funeral directors will play shops against each other. The bidding war can quickly escalate to the point that the shop which ultimately gets the business can't make any money on the sales.

Recognize, too, that you can't just raise your prices to cover the funeral home's commission.

If sympathy customers see that your prices are too high, you aren't going to get their business. Your reputation in the community also will suffer as word gets around that you are price gouging families during times of great distress. The funeral home that recommended

you will also take some heat, leading to a strained relationship.

### SERVICES RENDERED

If you pay a commission, make it proportionate to the value of the services rendered on your behalf by the funeral home. A home that will make sales for you, collect all the necessary information, bill the customer and pay you is increasing your sales and reducing your costs. Those services are worth something. Anything less, however, and you will want to take a close look before agreeing to share revenue.

Remember, paying a commission results in discounted sales.

You can afford some of that, especially if you keep your COGS under the 33% target for arrangements and your design payroll costs below 10% of design sales.

One last guideline: Apply any funeral flower commission only to the family flowers ordered by the funeral home. All the other sympathy sales that come in should be at full value.

### YOUR PARTNER

You and your local funeral directors have similar missions.

Each of you helps families and loved ones through very difficult times. And each of you is trying to strike a difficult balance between value, care and comfort on the one hand and profit on the other.

When you work together, your jobs will be that much easier. 🌿



# *A Top Priority: Sympathy Business*

## *Keep the Objective in Focus*

**Y**ears ago, sympathy work was a primary focus in most flower shops. In fact, in the 1930s, sympathy work comprised the bulk of flower shop sales.

Today, sympathy flowers occupy a different place in our society.

The “in lieu of” and “please omit” forces have made their mark on sympathy flower sales. Shorter viewing times at the mortuary also have had an impact.

In our view, however, sympathy sales remain as important as ever. So, they need to be treated as such.

### **WHY IT MATTERS**

From a financial standpoint, sympathy sales have a couple of built-in advantages.

**1. They're consistent.** Much of your business is holiday and occasion oriented. Sales rise and fall as special days come and go.

As wonderful as those feast times are, the famines that follow holidays and occasions can be just as tough.

To maintain strong profitability, you must sustain a good base level of business. You build that base with sales that aren't dependent on the calendar, the weather or anything else.

Sympathy business fits this description perfectly. Deaths occur all year long. If you have a special interest in—and develop a reputation for—sympathy designs, you can build a nice, consistent source of revenue.

### **2. They lead to other sales.**

Death is part of life. The very people who are facing the sadness of loss today will be experiencing the joy of a wedding, an anniversary or some other happy occasion tomorrow.

If you prove to be a caring professional during the worst of times, families will reward you with their business in the good times, as well.

As you emphasize sympathy sales, you also will find yourself working more closely with the personnel who organize memorial services. Church secretaries. Sanctuary guilds. Even local pastors.

These individuals are in a position to bring other business your way down the line—from altar pieces to Christmas poinsettias to wedding referrals.

When you help a hurting congregation, its leaders will do more than remember. They'll send some of their other business your way.

### **QUALITY WORK**

Besides being the right thing to do, there's a practical reason for delivering quality sympathy products. Funeral

work is seen by a tremendous number of people.

A stream of visitors will come through the funeral home during the time leading up to the service. Many more will be at the service itself. And if you take floral baskets back to the house afterward, another group of people will see your creations.

It's natural for visitors to read the cards on sympathy arrangements. They want to see who sent flowers—particularly the most beautiful pieces. When they do, they'll see your name right there.

Remember: Your sympathy work is not viewed in isolation. Your arrangements will be side by side with the work of other florists. Whether consciously or unconsciously, every visitor will be making comparisons about which flowers are the prettiest and which designs are the most creative. To stand out in the crowd, your work needs to be first rate.

### **GOOD VALUE**

Sympathy customers deserve outstanding value. Just the same as every other person who buys from your shop. In fact, sympathy sales involve some unique circumstances that make giving good value exceptionally important.

For one thing, grieving families and loved ones place a great deal of trust in you. They have so much on their minds that they may not be emotionally able to deal with a lot of options. You may be given greater leeway than you normally would. In some cases, they may even ask you to make decisions for them.

Don't abuse that trust. Overcharging or under-designing is ethically wrong. You might be able to get away with it in the short run, but taking advantage of someone—especially someone who is grieving—is a reprehensible practice. Nor would it be smart business.

If you think the word about deceptive pricing practices or inadequate designs won't get around, you're kidding yourself. People always compare purchases. They'll congratulate themselves and tell others about





a particularly good buy. They'll also warn their friends about a florist who let them down.

What sort of image do you want for your shop? No matter whether the sympathy order is large or small, make sure that the value you give justifies the price you charge.

### EXTRA CARE

When it comes to sympathy sales, there's no such thing as a little mistake. You have to guard against every possible error.

A careless misspelling on an enclosure card makes a statement that you aren't particularly focused on this family's needs. Same thing if you get the requested colors wrong. Or use a Masonic emblem incorrectly. Or commit a *faux pas* with respect to the deceased's religious beliefs.

Delivery is another area that deserves special attention. Suppose someone calls in on a Wednesday afternoon with an order for the Johnson funeral. It's the first one you've had for that service. The caller says he thinks the service is scheduled for Thursday afternoon.

If you simply schedule that order for your Thursday afternoon delivery run, you're taking a big gamble. The caller may have gotten the time wrong. Or plans may have changed. You should always call the funeral home to double-check the time of the service or viewing and the deadline for flower deliveries.

Any mistakes you make will be magnified to customers.

This is partially because they are already on edge. A minor disappointment will seem bigger in their minds.

**The very people who are facing the sadness of loss today will be experiencing the joy of a wedding, an anniversary or some other happy occasion tomorrow.**

There's also a more objective reality. It's hard to fix a mistake on a sympathy order. The duration from order to funeral is usually quite short. By the time you learn of an error, the damage is already done.

## More Than Flowers



**As with any other sale, your job on sympathy business is to exceed the needs and expectations of your customers. Typically, you will have three different missions.**

**1. Emotional Help.** The closer your customer is to the deceased, the more important this will be. People who are grieving experience a range of emotions. Disbelief. Pain. Confusion. Anger. Depression. They have to go through the various stages of grief on their own. You can't short circuit the process for them.

And yet, remember that you are in the caring business. One of your primary roles has to be to help them through this difficult time. In your attitude as much as in your products, be sensitive.

**2. Substantive Help.** Family members of the deceased are dealing with more than grief. They are facing other tangible challenges. The

deceased person's affairs have to be organized. There may be unexpected financial pressures. The family has to visit with, host and thank relatives and loved ones. If children are involved, tending to the kids' emotional and physical needs becomes a major responsibility.

You may not be able to care for a sympathy customer's child or check on the life insurance policy, but you can look for practical ways you can help. Offer a cup of coffee or a snack if they come into the shop. Provide extra favors. Stay a few minutes past closing time if that would be helpful.

**3. A Message of Hope.** Finally, remember that each sympathy piece you create is much more than just a product. In this work, you are designing for both the living and the dead.

Funeral flowers represent a tribute to a life well lived. They are a way to honor and recognize the one who is gone. They also are a source of comfort and hope for those who remain.

Whether you're putting together a casket blanket, an easel design, an arrangement or a green plant, you have a great responsibility. One to take seriously.

That may seem like a pretty ambitious set of goals. It is. However, each one is well within your reach.

### PRACTICAL ASSISTANCE

Deliver beautiful flowers on time and you'll be giving the family much-needed emotional support.

Supply the information they need to send thank-you notes and you'll be providing very practical assistance.

Put yourself in their shoes. The service has ended. The out-of-town relatives have gone home. The flowers have faded. And it's now time to say thanks for all the expressions of love and concern.

They know who brought the green bean casserole and the baked ham. But which flowers did Aunt Liz send? And did the floral cross from the Smiths have lavender or peach ribbon behind the white roses?

A good funeral director who isn't too pressed for time will make sure the family gets some of the missing details. However, this is really your job. Give the family every piece of information

they need for their thank-you notes.

"With condolences from Uncle Bud" on the front is just the beginning of the information that should be on the card. A description of the arrangement should be on the back or attached separately.

The family will remember which florists went the extra mile to help them out and which ones didn't.

• • •

Sympathy work may not fit into the plans of some flower shops today. However, that should be the exception rather than the rule.

There is no more satisfying task than helping a hurting family through a painful time. Beautiful fresh products, when combined with your artistry and compassion, can provide the spark of hope that people need.

Reclaim the high ground on sympathy work. It's an important service with a long history in the industry. 🌸



# Take a Guest Along

## Deducting Travel Expenses

**T**he Grinch at the IRS always have an eye out for individuals who seem to be having too much fun at a business meeting. Periodically, the tax laws are changed to tighten up the rules on what expenses can be deducted.

To get all the deductions to which you are entitled, here are some important items to consider when planning your next business trip.

### KNOW THE RULES

You head off to a state, regional or national florist convention. Of course, you bring your spouse, a significant other or a guest.

It's a common occurrence. Especially in the floral industry where most shops are family owned. And there's nothing wrong with bringing a guest. In fact, it's a good idea.

The trouble arises when you try to deduct some or all of your guest's expenses. In a never-ending attempt to take more of your money, the government has tightened the rules on business travel in recent years.

Not too many years ago, expense deductions for business travel were fairly simple. If you made a business trip and added a day or two of sightseeing, no problem. You wouldn't have been there if it weren't for the business.

Today, deductions are not so easy. Especially when it comes to a guest's expenses.

### NOT ALL IS LOST

Basically, the IRS allows you to deduct

the cost of conducting your business activities.

The main requirement is that your attendance at the event be primarily for business. Once you've shown that,

**In a never-ending attempt to take more of your money, the government has tightened the rules on business travel in recent years.**

you can deduct the expenses of getting yourself to and from the destination.

Most other expenses associated with the trip are also allowed. Except meals. You can only deduct 50% of the food cost. (Either the IRS believes only half of your food is for business purposes

or you'd have to eat at home anyway, so you can't deduct the full amount.)

So far, so good. But what about your guest's expenses?

You used to be able to deduct those expenses if you could verify a necessary business-related activity on the guest's part. The key word was "necessary."

No longer.

Today, the travel expenses of your guest usually cannot be deducted. However, this all-encompassing prohibition does have some narrow exceptions, as outlined in the box below.

### A LITTLE RELIEF

When a guest not involved in the business joins you on a trip, you can deduct the full single rate for your

room, not just half of the rate you pay. Suppose the rate for both of you is \$140 per night. If the single rate is \$110, you can deduct \$110 instead of \$70. Be sure to document that single rate.

Fortunately, many meeting planners negotiate a room rate that is the same for single or double occupancy. In that case you can deduct the full amount.

When it comes to meals, if you are having dinner with a business associate who is accompanied by a guest, you can deduct the meal expense of your guest.

Travel expenses are one area the IRS almost always examines carefully in an audit. Be careful what you claim. If in doubt, ask your CPA. 🍀



## Legitimate Guest Expenses

**Three conditions must be met to successfully claim your guest's travel expenses.**

1. The guest (spouse, dependant or other individual) accompanying you on the business trip is a bona fide employee of the shop;
2. The guest undertakes the travel for a bona fide business reason; and
3. **(Here's the clincher...)** The guest would be entitled to claim the expense even if he or she hadn't been traveling with you.

In other words, to get a full deduction, your guest needs to be an employee (or co-owner) of the business whose attendance during the trip is necessary.



# BOOMERANG EXPENSES

**A**dvertising. Bad debts. Facilities. Insurance. Payroll. Telephone. Vehicles. Wire service cost.

These repeating expenses can kill your profitability. But if you make the effort to control these bottom-line busters, you will come out way ahead.

The size and repetitive nature of boomerang expenses makes them especially dangerous. Overspending in even one area can create a substantial dent in your results.

Here are some basic tips to help you maintain control. In each case, the answer isn't complicated. It's more a matter of being persistent.

## ADVERTISING

The best way to control your advertising expenses? Set a budget for advertising and stick to it. Then, target your efforts to get the most from that money.

An advertising budget of 3% to 4% of sales is a good target for an established shop. You probably will need to add one or two percentage points if you're just starting out.

## BAD DEBTS

If bad debts are more than 1% of your sales, they are dragging down your bottom line. Both in the time it takes to follow up and in the drain on your income.

Reduce bad debts by limiting the credit you give new house accounts. Instead, encourage the use of credit cards. That payment method is just as convenient for customers and much less risky for you.

Also, be sure to send the right message to customers who have house accounts. Invoice promptly. And follow up immediately when a payment is late.

## FACILITIES

Facilities expenses are another critical area. Talk to your landlord the next time your lease is up for renewal.

You may have more leverage than you think.

Many landlords are willing to compromise on rent or utilities to keep a good tenant. It's expensive to find new tenants and then remodel the space to suit their needs.

## INSURANCE

It's important to have insurance that will protect you, your property and your employees in the event of a loss. But don't carry insurance you don't need.

Control insurance costs by studying your policies. Make sure you aren't paying for duplications in coverage or excess coverage.

## PAYROLL

Payroll is your largest non-product cost. You can control overspending in this area by avoiding overstaffing.

One manager should be able to handle about seven to 10 employees.

Tie your staff size to your sales volume. Staff up during busy seasons with part-timers and temporaries. Staff down during non-peak times.

## TELEPHONE

Make sure all of your telephone lines are being put to good use year 'round.

Cutting one unnecessary line could save \$50 or more a month. That's \$600 a year.

Adding a line for busy times and then disconnecting it during the slower seasons may provide a cost savings.

Long distance? This can be another danger for the retail florist. Let your employees know that personal long-distance calls are grounds for dismissal.

## VEHICLE EXPENSES

Vehicles are a necessary expense. But they can easily get out of hand.

The most common mistakes include having too many vehicles, paying for luxuries you don't need and not maintaining the vehicles properly.

## WIRE SERVICES

Wire services make it possible for you to send and receive long-distance orders effectively and efficiently.

But how many different wire services do you need? Most florists today are opting for just one.

Select the one service that gives the coverage you want and provides all of the services you expect—like technology.

You can justify additional wire services only if they generate a good volume of incoming orders. To break even, the gross volume of each wire service's incoming orders must be at least four times the annual cost of that service (including advertising).

There's no trick to reining in repeating expenses. Simply give them some attention. Watch them. Review them. Control them. When you do, you'll come out ahead, month in and month out. 🌸

## FAMOUS FINANCIAL WORDS

"That money talks/I'll not deny/I heard it once/  
It said goodbye."—Richard Armour

"An expert is one who knows more and more  
about less and less until he knows everything  
about nothing."—Anonymous

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# INQUIRIES & ANSWERS LETTERS

## EMPLOYEE BENEFITS

*"Why do you consider employee benefits a part of payroll expenses? Employee benefits are not payroll."*

**You're right.**

Employee benefits are not the same as payroll. *Floral Finance* combines those expenses with payroll to make it easier to compare total employee costs with the appropriate industry standard.

Some shops offer health insurance and other benefits. Others do not. Both types of employers want to know if their employee costs are on target. Adding payroll, payroll taxes and employee benefits together is the easiest way to make that comparison.

## VEHICLE FINANCING

*"Should I take advantage of 0% financing when I buy my next van, or should I take the dealer's cash rebate?"*



**It depends on interest rates.**

Usually, the dealer will offer you 0% financing or a rebate, but not both. If you can get both, by all means finance the vehicle at 0% and let the rebate money earn interest while you make payments.

However, if you can only choose one, base your decision on how much interest you could earn on the money needed to purchase the vehicle if you left it in the bank.

Calculate your auto loan using the savings rate you are earning. See how much more you would pay over the course of the loan if you paid that interest instead of 0%. That's the interest you'll earn by using the 0% financing. If it's more than the rebate, take the 0%. If not, take the rebate.

## NORMS

### NON-FLORAL SALES

7%–10%



**A**pproximately 7% to 10% of the average retail flower shop's sales are not floral products.

This number includes gifts, balloons, gourmet and anything else the shop sells besides fresh product and related services (like delivery and outgoing wire charges).

This shows that retail florists are primarily in the business of selling floral products.

Often florists try to expand their sales outside of the floral niche. Most who try find less-than-satisfying results. Why? Customers who frequent a flower shop are typically looking for flowers and flower-related products.

Source: *Floral Finance Business Services*.

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