



Owning Your Own
Business
page 4



FINANCIAL
INFORMATION,
EDUCATION
& CONTROL

Teleflora[®] Finance

teleflora[®]

JUNE 2023
VOLUME 42, ISSUE 6



INSIDE THIS ISSUE

| | |
|--|--------|
| FROM THE PUBLISHERS: <i>Reduce Waste</i> | Page 2 |
| EVENING DELIVERIES: <i>Making Money Day & Night</i> | Page 2 |
| OWNING YOUR OWN BUSINESS: <i>The Truths Behind the Myths</i> | Page 4 |
| SUCCESSION SERIES #5: <i>The Business Issues</i> | Page 6 |
| BY THE BOOKS: <i>Projecting Summer Cash Flow</i> | Page 7 |
| INQUIRIES & ANSWERS: <i>Contributions; Pricing Multiple Deliveries</i> | Page 8 |
| NORMS: <i>Annual Sales</i> | Page 8 |

QuickTakes

*Ideas You Can Put
to Work Immediately*

1 Employees & Customers

Have you ever thought, “This would be a great place to work if it weren’t for the employees and customers?” Most florists have occasionally.

Change your thinking to, “This is a great place to work because of the employees and customers.”

Your thinking affects your attitude. And the attitude of those around you.

If you must, replace negative (or underperforming) employees. Build a productive and positive environment. Work should be fun. Not drudgery.

2 Motivate Your Employees

Employees don’t work to help you make more money. They work because they want more money, rewards and recognition or opportunities.

Find out what each employee wants. Then help them achieve it. In the process, you’ll build a truly motivated staff.

3 Leadership

There are many good managers in the world.

There are not nearly as many good leaders.

Good managers keep things running. They maintain the status quo. They’re efficient and effective. That’s it.

Good leaders communicate vision. Where the business is going. And what everyone must do to get there. Not just once, but every day.

REDUCE WASTE



Reducing waste is a key to resourcefulness and can be applied to any process or task.

Resourcefulness is a mindset.

The following is based on words from Tom Hill, executive director of the Character Training Institute.

Look for value in objects by repairing, reusing and recycling. In our society, almost everything becomes disposable after fulfilling its initial purpose.

There are, however, multiple ways to use and reuse many things.

Consider yesterday's newspaper. Instead of tossing it into a landfill, a resourceful person would use it as packing material, fuel for a fire or a hundred other possibilities.

Recognize value in "waste" and find ways to realize that value.

Give away things you don't use or need. Rather than storing or throwing away unused items, donate them to Goodwill Industries, the Salvation Army, Habitat for Humanity, your local food bank or a church.

Make wise use of your time, talents and energy. Plan your time carefully. Multitask when possible. Plan your driving to save time, fuel and energy. Your time is a limited resource. Use it wisely.

Resourcefulness is a mindset. Begin today by looking for practical uses for items that others would overlook or discard.

Reducing waste makes you think more efficiently in all areas.

Paul Goodman
Editor

*Paul Goodman can be reached at
plgoodman@aol.com.*

On the cover: Teleflora's
Cool Camper Succulent Garden Plant

Evening Deliveries

Making Money Day & Night



Ambitious florists look for ways to expand their money-making potential. One technique is to lengthen the shop's hours of operation. Catch people on their way to or from work—the "drive time" during which most shops are closed.

An extra 30–60 minutes in the morning or afternoon may make sense for florists that cater to walk-in and drive-by traffic. Some shops keep the doors open even longer—until 7:00 p.m. or later.

Evening delivery is another great option to consider, no matter what you decide on extended sales hours. It can help your customers and your business in several ways.

INCREASED SERVICE

If there's one thing today's customers want, it's convenience.

That's one reason traditional retail florists are appreciated by so many. You offer easy shopping through your website and by phone. Quickly ordering beautiful gifts for anywhere in the world is simple.

Evening delivery serves customers by meeting people where they are. It shows your willingness to work around your customers' schedules instead of expecting them to work around yours.

Consider the situations in which early evening delivery could help a customer.

- A dinner party host remembers at 5:30 p.m. that he or she hasn't ordered a centerpiece. With

evening delivery, you still can have it on the table before the guests arrive.

- What about well-wishers who want to send birthday greetings, congratulations or get-well wishes to a residence? If no one is home during the day, you could leave the flowers with a neighbor. But how much more powerful the message is when the recipient receives the flowers personally! Evening delivery lets you catch the honoree after they return home from work.
- A business is arranging an 8:00 p.m. dinner at a hotel. But the room is being used by another group until 6:00 p.m. With evening delivery, you can keep the flowers fresh, cool and safe until the event staff begins the setup.

These situations happen every day. In each case, an evening delivery provides a valuable service.

MARKETING

Evening delivery opens new marketing opportunities for the shop.

You no longer have to stop accepting same-day delivery orders at noon or 2:00 p.m. You can take orders right up until 5:00 p.m. (or later) and still get the flowers out the same day.

That's a service to be proud of. A huge customer benefit you can promote.

Advertising evening delivery will help you attract business you otherwise would have missed—because you'll be able to meet needs you never before could have met.

PRODUCTIVITY

Evening deliveries won't solve all your delivery productivity problems. They can, however, help in at least five different ways.

1. *No surprises.*

Since you'll plan the deliveries after all the day's orders are in, you can schedule efficient routes with the certainty that there won't be any big surprises.

2. *Traffic.* Daytime drivers face a lot of traffic. In the early evening, far fewer vehicles are on the road. That means faster deliveries and greater delivery productivity.

3. *People are at home.* Why aren't all those cars on the road at night? Because many people are already home from work. Your drivers will have a greater success rate with their drop-offs.

4. *Focus during the day.* Non-timed residential deliveries that don't reach their destination during the day can be added to the nighttime routes. Worrying less about daytime delivery schedules will free your

mind to focus on more important things.

5. *Better use of vehicles.* It's a matter of pure economics. You might make 24 deliveries per van before 5:00 p.m. With three additional hours of driving time, that number could shoot up to 36 or more. It's a more efficient use of these expensive assets.

STAFFING

Initially, staffing evening deliveries may be simple. You or another employee might be able to drop off a few arrangements on the way home from work.

As more customers see the advantage of late deliveries, staffing will

These candidates may not want (or be able) to work during the day. However, 10 to 15 evening hours a week could fit perfectly with their needs and their schedules.

HOW TO GET STARTED

Evening deliveries will never replace regular daytime routes.

They are a supplement. An option for those who are interested.

The first step is to let customers know that evening delivery service is available. Start slowly. It may take some time before the word gets around.

Pick the date you plan to start. Then, promote the new nighttime

schedule on your website and social media pages, as you talk to customers in the store or on the phone, and through statement stuffers.

When orders are placed, ask whether the customer would prefer daytime or evening delivery. Schedule time-sensitive deliveries during the appropriate

shift. On orders that aren't time-sensitive, you have flexibility.

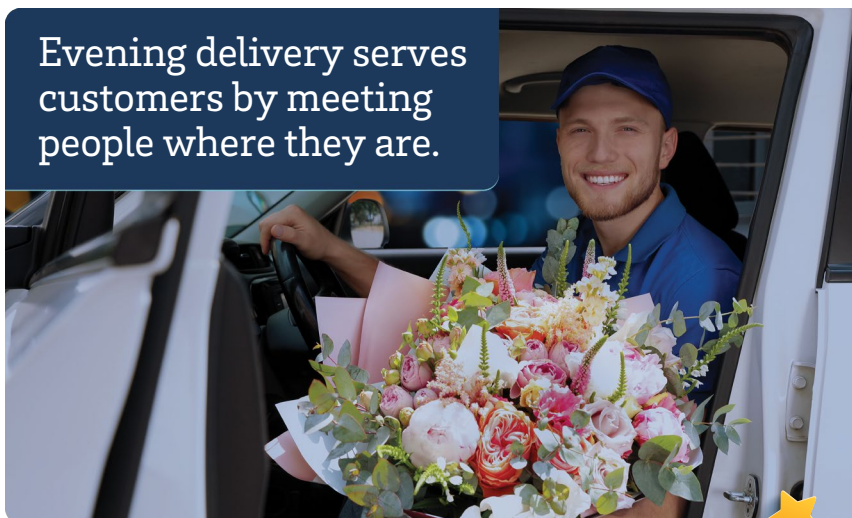
Keep in mind that offering evening deliveries is more than a change in policy. It's an enhancement in customer service. So, promote it as such online, in a newspaper ad or on a reader board. Use the service to distinguish your shop from all the rest.

GAINS

Evening deliveries are a different way of doing business. However, for florists who are committed to exceptional customer service, smart staffing and high productivity, they are a natural next step.

How about you? Would you like to make money day and night? 🌟

Evening delivery serves customers by meeting people where they are.



become more of a challenge. You'll need drivers hired specifically for evening hours.

DRIVERS

In a low-wage industry such as delivery drivers, it's hard to find qualified help. A \$12-an-hour position works out to \$24,000 a year. Often not enough for someone who is looking for a full-time living wage.

That's why smart florists use part-timers whenever possible and perhaps pay evening drivers by delivery. Students and workers who have a separate primary source of income don't need full-time wages. They just need some extra cash. You can provide a nice supplemental wage in an enjoyable working environment.

The Truths Behind the Myths

Owning Your Own Business



The reality of a product sometimes differs from the image its advertisers try to project.

A new car looks perfect on the showroom floor. Yet it rattles, runs poorly and forever requires repairs.

A local furniture store advertises an “elegant” dining room set. Closer inspection shows that the beautiful finish is just a thin veneer rather than solid wood.

Smart shoppers look beyond an image, a picture or an advertiser’s claim. They check the product carefully before making a purchase.

The same pattern holds true when it comes to owning a small business. The reality is often quite different than the image. It pays to know what you’re really getting into.

WHAT’S REAL? WHAT’S NOT?

By now, “owning your own business” is a catchphrase in everyday vocabulary. For many, it is the ultimate symbol of success, status and freedom. Advertisements and popular culture depictions only feed the fantasy.

Why work for someone else? Take charge. Be your own boss. Call the shots yourself.

Let’s look at how the reality of small business ownership differs from the myths. And, even more important, how you can bring expectations and reality closer together.

‘I Will Have More Freedom.’



The first myth is that the business owner will have more freedom. A less structured schedule. Greater opportunities for leisure and other non-work activities.

Anyone who moves from being an employee to an owner soon discov-

ers that time demands don’t decrease. They increase.

If the doors are open, the owner is usually there. And after-hours time is eaten up by management responsibilities the owner couldn’t get to during the day.

The owner almost always works more than his or her employees. Not less.

That can be a big disappointment to family and friends who expected the entrepreneur’s availability to increase.

Conclusion: The flower shop owner and his or her family should expect and accept long hours, especially in the early years of the business. Talking through the likely schedule is a great exercise. You’ll eliminate misconceptions and disappointments down the road.

At the same time, you must make room for a life outside the business. Think creatively about how you can build in time away from the shop to relax and be with your loved ones.

‘My Income Will Soar.’



The possibility of greater financial rewards is one of the main reasons people go into business for themselves. And owners who manage the business well can turn a small business into a profitable investment.

However, there are no guarantees.

When cash is short, guess who gets paid first? The employees. The owner only gets whatever is left.

During recessions and other slow periods, the owner may have to make sacrifices. And ironically, during times of expansion, owners often have to pour money back into the company.

Conclusion: Set your salary at a level that approximates the reasonable value of your service. The amount you would have to pay someone else to do your job.

Learn to budget for and live off that amount. When profits aren’t pouring in, you will survive. And if the business succeeds, you will have money in the bank.

‘I Won’t Have to Change.’



A floral professional who steps up to become an owner is now dealing with employees instead of co-workers.

Your work relationships will change whether you want them to or not. Other employees will pay more attention to your words and your actions than before.

Conclusion: Be careful. Work buddies will look at you differently when you become the boss. For better or worse, you will be the example others follow.

So, watch what you say and do. Be “on your guard.” Words and actions can carry unintended consequences.

‘I Can Deduct Everything.’



The assumption that every expense you incur is connected to the business and, therefore, can be deducted is false.

U.S. and Canadian tax authorities have a vastly different perspective. Only expenses that are ordinary and necessary in the conduct of your business can be deducted.

Conclusion: Keep your business and personal finances distinct. Your accountant can help you decide what’s truly deductible and what’s not.

‘I Will Have The Answers.’



On the day you become an owner, will you instantly become smarter? Of course not. You’re the same person. With the same abilities and the same weaknesses.

Ego is an extremely dangerous thing. Owners who are convinced that their way is always right do a great disservice to the business and everyone connected with it.

Conclusion: Both you and your employees work for the customers. The customers should really call the shots. Not you.

Keep an attitude of humility. If finance has never been your strong point, defer to the judgment of financial experts. If you make someone a design manager, allow that person to function in the role. Don’t continually second-guess their judgment or undercut their authority.

Any other pattern is bad for morale and bad for business.

‘My Family Will Join Me.’



In a family business, there’s another complicating factor: how the children want to fit in. Today and tomorrow.

Children may (and often do) have different life goals than their parents. After the parents work to build the business, the children decide they would rather follow their own career paths.

That can create tension in the family and confusion in the shop. If the kids aren’t going to take over the business, who is?

Owners also must realize that their children’s perspectives may change over time. A 17-year-old may have no interest in working in Mom’s flower shop. Three, four or 10 years later, that option could be very appealing.



Owners who are convinced that their way is always right do a great disservice to the business and everyone connected with it.

The opposite result also can occur. A child grows up around the shop. Both she and her parents assume she will want to stay in the business. Somewhere along the way, however, she loses interest or becomes fascinated by another field. The parents are completely unprepared for this turn of events.

Conclusion: If you are blessed with children, keep up good communication. What do they want to do? What do they not want to do?

And don’t just ask the questions once. Keep talking. See if and how their goals and interests change over time.

‘My Child Will Fit Right In.’



Sometimes what children want to do won’t square with what they can or ought to do.

There may be sibling rivalries. Perhaps a brother and sister each want to oversee the same part of

the shop. But only one can really do the job well.

In other cases, a child wants to move up the ladder faster than the parents think wise.

And occasionally, the “heir apparent” just isn’t well suited to managing a business. He or she may not have the temperament, analytical ability or drive necessary to handle the responsibility.

Conclusion: Running a flower shop is a serious matter. Decisions about the future must be based on what’s best.

It’s the owner’s job to determine which roles the children can best fill. And when they are ready.

You won’t be doing anyone any favors if you put your children in the wrong slots. Or delegate responsibilities before they are ready.

Only open and honest communication will allow you to work through potential rivalries, disappointments and confusion.

‘There’s Only So Much to Learn.’



The final myth. Running a flower shop is simply a skill to master. Within a year or so, you’ll “have the system down.”

In reality, it’s a process. The successful business is never static because the environment in which you operate is never static.

Competition. Consumer tastes. Personnel. Overhead. The economy. All are subject to change. The business owner must adapt as the situation requires.

Conclusion: Never be satisfied. Keep growing. Learning. Changing. Improve the products and services that work. And get rid of those that don’t.

THE GREAT ADVENTURE

Don’t believe the myths. Every business owner faces problems, stresses and strains. Usually, greater ones than those you would face as an employee.

But when you have a realistic perspective, the disappointments will seem that much smaller and the victories that much sweeter. 🌸

See page 6 for a segment from
Floral Finance’s series on succession planning.

If you plan to pass your flower shop along to your children, you should do everything you can to set them up for success. Careful preparation now can't guarantee their future success, but it will improve the odds.



Can you communicate important information to drivers quickly and easily—in ways that will boost delivery efficiency and enhance customer service?

Are you maximizing your website's potential? An ever-increasing amount of business has shifted online. Future customers will rely even more on

your website. Make sure it's easy for customers to use, whether from a laptop or a mobile device.

The younger generation is typically more comfortable with and knowledgeable about technology. So, if your shop has deficiencies in any of these areas, enlist your successors' help in getting caught up.

A BUSINESS PLAN

When was the last time you created a written business plan?

If your strategy is to pass the business to your children soon (or to someone else, for that matter), this is a perfect time to update your plan.

And don't do it solo. Involve your successors in the process. They will learn so much about your operation. The exercise also provides the perfect setting for you to pass on your vision for the future.

Finally, as you work through the issues together, you will gain a better idea of your chosen successors' strengths, weaknesses and management styles. The more you know, the better you can focus their training. 🌸

The Business Issues

YOUR OPERATIONS

Flower shop profitability is a direct function of how well the owner manages facilities expenses, cost of goods sold (COGS) for arrangements and payroll.

If you have more space than you need, your facilities expenses likely will exceed the 10% target. Can you reduce the shop's footprint before the transition?

Do you have a strong design room control system to ensure that designers follow your pricing formulas for arrangements? You should.

And how's your employee productivity? Only shops with high productivity can keep their payroll expenses in line.

Make sure that you are managing these three areas properly before transitioning to a new management team.

COMPETITION

When was the last time you assessed your competition? Not just other local retail florists but all your competitors—supermarkets, bucket shops, large discount chains and online competitors.

What are each competitor's strengths and weaknesses? What

distinguishes your business from theirs? What can you do to maintain or gain market share?

Also, take the time to study national floral and gift trends. You might identify some emerging threats before they adversely impact your business.

Are you maximizing your website's potential? An ever-increasing amount of business has shifted online.

Each of these steps will help you prepare the business for the competitive environment your successors will face.

TECHNOLOGY

What order and management technology does your shop use? What about your competitors?

Are your computers and software up to date? Does your system do all you need?

Projecting Summer Cash Flow

Now that Mother's Day has passed, you are facing a long, hot summer and fall. In the floral industry, June begins six months of non-holiday sales levels.

WILL YOU HAVE ENOUGH?

If you haven't done so already, now is the time to project your cash flow for the next six months.

From June through November, each month's sales will average only about 6.5% of your annual sales.

A good cash-flow projection will alert you to any coming shortfalls. You will have time to develop a plan for how you will make it to Christmas successfully.

PROJECT REVENUE

To project monthly sales, look at last year's records and adjust for any increases or decreases you are experiencing this year.

The most time-consuming step is projecting when you will collect the money from those sales.

What percentage of sales will be received immediately? What percentage will come in over the next two months?

A simple spreadsheet is the best tool for this process.

Put the months across the top. Label the first line "Total Sales" and the next two lines "Cash/Credit Card Sales" and "House Charges," respectively.

It is not unusual for florists to receive 90% of their sales revenue immediately in the form of currency, checks and credit cards.

The rest of your sales are mostly house charges. Typically, 60% of charge revenue comes in during the first month after billing and 30% in the second month. Most of the remaining 10% floats in over the next three months. Only about 0.5% will be uncollectible bad debt.

For each month, put your total sales projection on the first line. Then, based

on your shop's experience, divide those sales between the next two lines: "Cash/Credit Card Sales" and "House Charges."

Label the fourth line "Cash Received." This is the total of:

- 100% of currency, checks and credit card sales for the current month
- 60% of house charges from the previous month
- 30% of house charges from the month before that
- 3% percent of sales from each of the three months before that.

The "Cash Received" sum is the cash you will have available to cover that month's expenses.

PROJECT EXPENSES

If you've been in business a few years, projecting expenses is fairly easy.

Simply pull out the previous two years of financial statements and check your monthly expense levels.

The next line on your spreadsheet is for "COGS." To get this number, multiply total sales by your COGS percentage.



Next, list your major expense categories down the side and fill in the blanks for each month. The biggest categories will be facility expenses and payroll.

Next, total each month's expenses and COGS to see how much cash you will need each month.

Then, subtract the total cash spent from the "Cash Received."

If the answer is a positive number, you're doing okay. If it is negative, you will be short that month. To get by, you'll either have to cut expenses or bring in some extra cash.

PROFIT IS THE ANSWER

The best way to meet your cash-flow needs? Build a profitable business. Reduce the summer and fall cash blues by managing your business better. 🌸

FAMOUS FINANCIAL WORDS

"The trouble with being a breadwinner now days is that the government is in for such a big slice."—Mary McCoy

"When a person tells you, 'I'll think it over and let you know'—you know."—Olin Miller

"The objective of our enterprise is to earn money and enjoy doing so."—William Moore

teleflora®

3737 NW 34TH ST
OKLAHOMA CITY, OK 73112

INQUIRIES & ANSWERS Letters

CONTRIBUTIONS

“What’s the biggest factor in determining which charities deserve a donation?”

Loyalty.

There are two types of contributions.

One is for a cause to which you are personally committed. The other is strictly business. You do it because you want to support your community.

Assuming the cause is worthwhile and something you want to be associated with, the most important factor is whether the individual or organization buys from your shop. Help good customers who support your business. Don’t bother with someone you have never seen before and most likely won’t see again.

PRICING MULTIPLE DELIVERIES

“We deliver quite a few arrangements to our local hospital. Should I reduce the delivery charge on these orders?”

You don’t need to.

Florists often lower the delivery charge for locations that receive multiple deliveries. The logic is that multiple drop-offs at the same place at the same time lower the average delivery costs. Because the florist saves money on delivery, the charge to the customer can be reduced.

However, delivery is arguably the most valuable service you offer. Shouldn’t you make money on a service your customers need and appreciate?

Customers don’t come to you because of a low delivery charge. The odds are that they won’t take their business elsewhere if you charge the full fee for hospital and funeral home deliveries. And you will make more money if you don’t discount the charge.



NORMS

ANNUAL SALES



This is the percentage of your annual sales you can expect each month from June through November.

It’s the lowest six-month stretch of sales during the year. And July is usually even a bit lower than the other five months.

To survive, you need to be smart. Staff carefully. Run lean. Control your cost of goods sold.

Good management is the only way to protect your cash flow during seasonal sales slowdowns.

Source: Floral Finance Business Services

FLORAL FINANCE is published 12 times a year by Teleflora LLC

Annual subscription rate is \$89.95 domestic and \$129.00 (Canadian) in Canada.

Copyright 2023 by Teleflora LLC
All rights reserved.

Subscribers may use articles in other publications providing source is cited. Since every situation varies, appropriate legal or accounting advice or other expert assistance should be sought from a competent professional who understands that specific situation.

Consequently, although published material is intended to be accurate, neither *FLORAL FINANCE* nor any other party will assume liability for loss or damage as a result of reliance on this material.

Opinions expressed are not necessarily those of Teleflora.

Please address your inquiries to the Editors of Floral Finance®, Teleflora LLC, 3737 NW 34th St., Oklahoma City, OK 73112.