

# Floral<sup>®</sup> Finance

teleflora<sup>®</sup>

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## 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 of us have at one time or another.

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

Your thinking affects your attitude, which affects your work. Get your thoughts straight, and your attitude will follow.

### 2 Motivation

Employees do not work so that *you* can make more money. They work because *they* want more money, rewards or opportunities.

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

### 3 Leadership

The world has plenty of good managers but not nearly as many good leaders.

Managers do a good job of keeping things running — of maintaining the status quo. They’re efficient and effective.

To be a leader, you must do more. You must communicate vision: Vision for where your business is going and what you want for it to accomplish. Be a leader. Share your vision. Every day.

## REDUCING WASTE



The following is derived from Tom Hill, executive director of the Character Training Institute.

Reducing waste is a key to resourcefulness that can be applied to

any process or task.

- **Look for value in objects, ideas and people.** We tend to look at yesterday's newspaper and see something to be tossed out. A resourceful person, however, might see fuel for a fire, insulation, repurposed packing material or a hundred other possibilities. Recognize value and look for ways to realize it.
- **Repair, reuse and recycle.** In our society, almost everything becomes disposable after fulfilling its initial purpose. But in reality there are multiple ways to reuse most items. Traveling in a third-world country can open your eyes to the potential. Find a second use, whenever you can.
- **Make wise use of your time, talents and energy.** Plan your time carefully. Organize driving to do multiple things in one cycle to save time, fuel and energy.
- **Give away things you don't need.** Rather than storing or throwing away unused items, give them to Goodwill Industries, the Salvation Army, Habitat for Humanity, your local food bank or a church.

Resourcefulness is a mind-set. Begin today by looking for practical uses for items you usually overlook or discard. Reducing waste makes you think more efficiently in all areas of life.

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In recent years, ambitious florists have been looking 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—during the “drive time” that the shop would ordinarily be closed.

An extra 30 or 60 minutes in the morning or afternoon makes sense for many shops that cater to walk-in and drive-by traffic.

Some shops have been even more aggressive. Keeping the doors open until 7:00 p.m. or later. These shops take the concept of “convenience to the customer” as far as they can.

Whether you do or don't offer extended sales hours, you have one other option to consider: evening delivery. It's an idea that 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 a big reason why people appreciate traditional retail florists. You offer easy by-phone-or-website shopping. The luxury of sending beautiful gifts anywhere around the world with a call or a click. And, often, the added convenience of house accounts.

Evening delivery can be another step in your efforts to serve customers as well as you can. It is a service that meets people where they are. It shows that you are committed to working around your customers' schedules instead of expecting them to work around yours.

Think about the many situations in which early evening delivery would help a customer:

- It's 5:30 p.m. A dinner party hostess forgot to order a centerpiece. With evening

delivery, you can set flowers on the table just before the guests arrive.

- A well-wisher wants to send birthday greetings, congratulations or a get-well message to a residence. If no one is home during the day, you could of course leave the flowers with a neighbor. But the message is so much more powerful when flowers are delivered direct!
- A business is planning an 8:00 p.m. dinner at a hotel. The hotel can't start setting up until 6:00 p.m. because the room is being used all afternoon by another group. Your arrangements can arrive perfectly timed for presentation.

These situations aren't unusual. In fact, they happen every day. Offering evening delivery could be a great way to meet these customers' need for convenience.

## MARKETING OPPORTUNITIES

Evening delivery also opens up new marketing opportunities for a shop in a number of ways.

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 them out the same day.

That's a service to be proud of. One you can promote as a special customer benefit. Advertise the evening delivery option, and you'll attract business you might not otherwise have received.

A hidden marketing opportunity resides with the recipients, many of whom will likely be so impressed with the added service your shop provides that they will think of you when they have an after-hours delivery need in the future.

## DRIVER AVAILABILITY

In a low-wage industry such as this one, it's often hard to find qualified help. A \$9 an hour position works out to only \$18,000 a year. Not enough for someone who needs a livable wage.

That's why smart owners learn to take advantage of part-timers when necessary. Employees who have another primary source of income but want some extra cash. A second, part-time job at your shop can provide a supplemental income in an enjoyable working environment.

However, most people looking for part-time work are already busy during regular business hours. Shops that make evening deliveries are a real option for them.

College students and office workers may not want (or be able) to work during the day. Ten to 15 evening hours a week, however, could provide a nice break and a little extra income.

## PRODUCTIVITY INCREASES

Evening deliveries won't solve all your delivery productivity problems. They will, however, help in several ways.

**1. No surprises.** Imagine. You'll be planning routes after all the day's orders are in. You can schedule what goes where in the most logical, effi-

cient way. You'll be able to avoid the big surprises that can wreak havoc to your plans.

**2. Traffic.** During the day, your drivers have to deal with daytime traffic. In the early evening, far fewer vehicles are typically on the road. And that means faster delivery. Greater productivity.

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

IF THERE'S ONE THING  
TODAY'S CUSTOMERS WANT, IT'S  
CONVENIENCE.  
THAT'S ONE REASON WHY  
PEOPLE APPRECIATE  
TRADITIONAL RETAIL FLORISTS.

**4. Increased focus during the day.**

Non-timed residential deliveries that don't make it to their destination during the day can simply be added to the nighttime routes. As a result, you'll be worrying less about the daytime delivery schedules and routes. That frees your mind to focus on other things.

**5. Better use of vehicles.** It's a matter of pure economics. You might be able to make 24 deliveries in a single van before 5:00 p.m. Add in three more hours of driving time, and that number could shoot up to 36 or greater. More volume with the same number of vehicles.

## GETTING STARTED

Evening deliveries will never replace your regular daytime routes. They are a supplement. An option you can make available to those who are interested.

Of course, no customer will express an interest in evening delivery if you don't let them know

the option is available. Start slowly. It may take some time before the word gets around.

Pick the date you plan to start. Promote the new nighttime schedule through statement stuffers and as you talk to people on the phone.

When customers place orders, ask whether they would prefer delivery during the day or the evening. Schedule time-sensitive deliveries during the appropriate shift. For the orders that aren't time-sensitive, you have flexibility.

Keep in mind that offering evening deliveries is more than a change in policies. It's an enhancement in customer service. So, promote it as such: online, in your newspaper ad, on a reader board, when you renew a yellow pages ad. This is a great way to distinguish your shop from all of the rest.

## STAFF SCHEDULING

Initially, staffing the evening shift will be easy. You or another employee may simply drop off a few arrangements on the way home from work.

As more customers see how the late deliveries could work for them, staffing will become a bigger challenge.

To control your costs, pay evening drivers by the delivery. And hire drivers who can work a little later if the volume warrants. Preserve as much flexibility as possible.

## BIG GAINS

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

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





# Owning Your Own Business

## *The Truth Behind the Myths*

**A**s a consumer, you know that 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 is forever having to be repaired.

A local furniture store advertises an “elegant” dining room set in its catalog. Closer inspection shows the beautiful finish is actually just a thin veneer.

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

**When you become an owner, your work relationships will change — whether you want them to or not.**

The same pattern holds true when it comes to ownership of a small business. The reality is often very different than the image.

Thinking about becoming an owner? It pays to know what you’re really getting into.

### **WHAT’S REAL? WHAT’S NOT?**

For many people, “owning your own business” has become the ultimate symbol of success, status and freedom.

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

But how does the reality of small business ownership differ from the

commonly accepted myths? And what can you do to bring expectations and reality closer together? Let’s take a look at eight of the most common myths of owning your own business.



### **1. I will have more freedom.**

The first myth may be the one with greatest allure: As a business owner, you will have more freedom than if you work for someone else, a less-structured schedule, and greater opportunities for leisure and other non-work activities.

The person who moves from being an employee to an owner soon discovers a vastly different reality. The demands on his or her time don’t decrease. They increase.

If the doors are open, the owner is usually there. And after-hours time is eaten up by financial and administrative responsibilities that are hard to get to during the day.

An 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 to suddenly be more available.

### **Conclusion:**

A flower shop owner and the owner’s family should expect and be willing to accept some long hours, especially in the early years of the business. Talking through what the schedule is likely to require is a great exercise. You’ll eliminate misconceptions and disappointments down the road.

At the same time, you have to 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.



### **2. My income will soar.**

Obviously, the possibility of greater financial rewards is one of the main reasons people go into business for themselves. And if you manage the operation well, you 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, not the owner. The owner gets whatever is left.

During recessions or other slow periods, the owner may have to make some sacrifices. And ironically, even during times of expansion, owners may have to pour some of their usual income back into the company.

### **Conclusion:**

Set your salary at a level that approximates the reasonable value of your service to the business. What you would have to pay someone else to do your job.

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



### **3. My work relationships will stay the same.**

A florist who becomes an owner is now working with employees instead of co-workers.

When you become an owner, your work relationships will change—

whether you want them to or not. Other employees will pay much closer attention to your words and your actions than before.

#### **Conclusion:**

Be careful. Work buddies will look upon you differently when you become the boss. You will be the example others follow.

So watch what you say and do carefully. You will have to be more on your guard. Your words and actions can often carry unintended consequences.



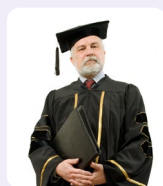
#### **4. I can deduct everything.**

It's easy—too easy—for an owner to commingle business and personal finances. Too many owners assume every expense they incur has some relationship to the business and, therefore, can be deducted.

However, tax authorities in the United States and Canada have a very different perspective. Only expenses that are ordinary and necessary in conducting your business can be deducted by the company.

#### **Conclusion:**

Keep business and personal financial affairs distinct. Your accountant should be able to help you decide what's truly deductible and what's not.



#### **5. I will know every answer.**

On the day you become an owner, are you instantly smarter than you were the day before? Of course not. You're the same person. With the same abilities and the same weaknesses.

Ego can be a very dangerous thing. The owner who is convinced that his or her way will always be right is doing a great disservice to the business and everyone connected with it.

#### **Conclusion:**

Remember that your employees don't really work for you. You all work for the customers. They should call the shots. Not you.

Keep an attitude of humility. If financial affairs have never been your

strong point, defer to the judgment of the experts. If you name someone the design manager for the shop, let that person do the job. Don't continually second-guess their judgment or undercut their authority.



#### **6. My family will join me.**

When the shop is a "family business," there's another complicating factor.

Whether the children want to be a part of it—today and tomorrow.

Children may—and often do—have different life goals than their parents and their perspectives can change over time.

**The successful business can never be static because the environment in which it operates is never static.**

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

#### **Conclusion:**

If you are blessed with children, it's important to 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 the lines of communication open over time. See if and how their goals and interests might be changing.



#### **7. My children will fit right into the shop roles I expect them to.**

What children want to do won't always square with what they ought to do.

There may be sibling rivalries. A brother and sister each want to be in charge of a particular aspect of the shop. Only one can really do it.

In other cases, a child will want

to move up the ladder faster than the parents think wise.

And occasionally, an "heir apparent" just isn't suited to the task of managing a business. The child may not have the temperament, analytical ability or drive necessary to really make the business go.

#### **Conclusion:**

Running a flower shop is serious business. Decisions about the future have to be based on what's really best.

It's the owner's job to determine which roles the children are best suited to fill. And when they are ready to take over.

You won't be doing anyone any favors if you put your children in the wrong slots or give them responsibilities they really don't have the experience or maturity to handle.

Open and honest communication will be necessary if you are to work through rivalries, disappointments or confusion.



#### **8. There's only so much to learn.**

The final myth: Running a flower shop is a skill to master and, within a year or so, you'll have "the system" down.

In reality, it's a process that will continually evolve. A successful business can never be static because the environment in which it operates is never static. Competition. Consumer tastes. Personnel. Overhead. The economy. All are subject to change. The skillful business owner must be ready to adapt as the situation requires.

#### **Conclusion:**

Never be satisfied with where you are. Keep growing, learning and changing. Improve those aspects of your products and service that work, and eliminate those that don't.

### **THE GREAT ADVENTURE**

Don't be deterred by the revelation of these myths. Just be aware.

Every small business owner will encounter problems, stresses and strains. In some cases, the challenges will be greater than those you would face as an employee.

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







# SUCCESSION PLANNING: *THE BUSINESS ISSUES*



If you intend to pass your business along to your children, you naturally want it to be solid and successful when it's time. Although you can never ensure how the kids will do, a firm foundation will increase their odds of success.

As a first step, make sure you carefully review the challenges the children will face.

## OPERATIONS

If a business is to be successful, it must be well managed. Efficient procedures must be established and followed. Skilled personnel must be hired, retained and used productively.

The three issues that determine profitability for any retail florist are the very ones you want to have under control before your children take over: facilities expenses, cost of goods sold (COGS) for arrangements and payroll.

Do your facilities match your business needs? If you have too much space, your facilities expenses will likely exceed the "no more than 10% of sales" target. You may need to make some adjustments.

Do you have a system in place to make sure the designers are following your pricing formulas? Controlling COGS for arrangements is critical.

Productivity is the most important profitability variable in a flower shop. When productivity is low, your payroll will be too high.

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

## COMPETITION

When was the last time you assessed your competition? Not just the other retail florists in your area, but all of the other floral competitors as well: supermarkets, bucket shops, large discount chain operations and internet competitors.

**Productivity is the most important profitability variable in a flower shop.**

- What are the strengths and weaknesses of each competitor?
- Are you effectively competing or losing your customers?
- Do you need to change anything to maintain or gain market share?
- What, if anything, distinguishes you from them?

By keeping an eye on the competition, you will see threats coming before they begin to adversely impact your business.

Also look beyond your local community for national trends. Your goal is to prepare and position the business for success under the new leadership.

## TECHNOLOGY

Technology boils down to communications and computerization.

- What technology are you using in your shop?
- To what extent have you computerized your operations?
- How old is the equipment and software on which you rely?

- What about your competitors?

Generally, younger people are more comfortable with and knowledgeable about technology. If you have technological deficiencies today, consider involving the incoming generation in planning next steps.

Communications technology impacts both your operations and your marketing.

On the operational side, can your shop communicate with your drivers cost-effectively and efficiently?

On the marketing side, what are the plans for your website? An ever-increasing amount of business is being transacted over the internet. In the future, even more customers will expect retail florists to offer e-commerce. And they'll want to be able to make purchases conveniently on every possible device, including computers, smart phones and tablets.

## BUSINESS PLAN

Basically, what we are discussing in this article adds up to a business plan. When was the last time you went through the process of creating a formal, written business plan?

If you want to pass the shop along to your children in the near future, now is an excellent time to go through the process again. Involving the next generation would be a wonderful learning opportunity.

They will learn an incredible amount about your business as you develop the plan. You will have the opportunity to pass along your vision for the future. They will gain a better feel for the challenges and opportunities that lie ahead.

And, just as importantly, you will be able to see your chosen successors grapple with the issues they will have to deal with in the future. You will see their strengths and weaknesses in action. To the extent your plan can build on the former and work to overcome the latter, you will be taking a huge step toward their future success. 🌸



BY THE BOOKS

# PROJECTING SUMMER CASH FLOW

**M**other's Day has come and gone. And you've received most of the money for all of those sales. Now, it's time for the long, hot summer. In fact, June is the first of six straight months of low, non-holiday sales.

## WILL YOU HAVE ENOUGH CASH?

This is the perfect time to project your cash flow for this period. From June through November, your monthly sales will average only about 6.5% of the shop's annual sales.

A good cash flow projection now will allow you to prepare for any coming shortfalls. You'll know what you have to do in the way of controlling expenses or supplementing cash to make it to Christmas successfully.

## PROJECT REVENUE

It's fairly easy to project your sales. Begin with last year's sales records. Then, adjust for any increases or decreases you are experiencing so far in 2016.

The step that will take some time is projecting when you will collect for those sales. What percentage will be received immediately? What percentage will come in over the next two months?

To make these projections, start with a blank spreadsheet. Put the months across the top starting with April. On the first line put "Total Sales." On the next two lines put "Cash/Credit Card Sales" and "House Charges."

Although the numbers vary from shop to shop, it is not unusual for up to 80% or more of a shop's sales to be paid with currency, checks or credit cards. That's immediate cash.

The balance will be house charges. Typically, 60% of what is billed probably will be received in the first month after billing. Another 30%

will come in during second month. Most of the 10% remaining will float in over the next three months. Just 0.5% or so will eventually turn into bad debt.

Put your sales projection for each month on the first line.

Label the next line "Cash Received." That will be the currency, check and credit card sales for the current month plus...

- 60% of the house charges from the previous month,
- 30% of the house charges from the month before that, and
- 3% of the sales from each of the previous three months before that.

**A GOOD CASH FLOW  
PROJECTION NOW WILL  
ALLOW YOU TO PREPARE  
FOR ANY COMING  
SHORTFALLS.**

The sum is the total cash you will have available that month to cover expenses.

## PROJECT EXPENSES

Projecting expenses is not too complex. In fact, if you've been in business a few years, it will be fairly easy.

Simply pull out your financial statements from the previous two years and check your expense levels for each month. Then, get another spreadsheet.

The first line will be for "Cost of Goods Sold." To fill in this line, multiply your sales for the month by whatever your total COGS percentage has been historically.

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

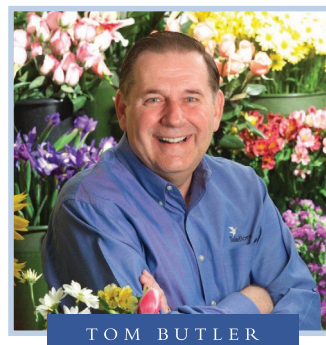
Add COGS and all of the expenses to see how much cash you will use each month.

The final step is to subtract the total cash you will spend from the total cash that will be available.

If the answer is positive, you'll be okay. If it is negative for any month, you'll have to find a way to either cut expenses or bring in some extra cash. ☹️

## Call for Nominations

For the Tom Butler  
"Floral Retailer of the Year" Award!



In 2015, Teleflora established the Tom Butler "Floral Retailer of the Year" Award to honor Tom Butler, Teleflora's past Chairman. Tom led Teleflora in its mission to serve as a trusted business partner, friend and innovator to independent retail florists across the U.S. and Canada.

The honorary award recognizes a retail florist and Teleflora member that best embodies Tom's legacy. In addition to running a first-class retail operation, award winners show the highest level of commitment and service to their local community, are dedicated ambassadors to the floral industry, and provide leadership and guidance to fellow florists.

*Sound like someone you know?*

Nominate a retail florist today at:  
[www.myteleflora.com/nominate.aspx](http://www.myteleflora.com/nominate.aspx)

*Nominations are due by July 1, 2016.*

*The winner will be announced at  
SAF's Annual Convention in September.*

teleflora.

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## NORMS

PERCENT OF ANNUAL SALES



# INQUIRIES & ANSWERS LETTERS

## CONTRIBUTIONS

*"How do I decide which causes  
deserve a donation?"*

### Loyalty.

There are two types of contributions. One is for a cause to which you are committed to on a personal level. If you want to make a cash (not a floral) contribution, do so personally. Deduct the donation from the income on your personal tax return.

The other kind of contribution is strictly business. You are making a donation because you want to be supportive of your community. Assuming the cause is something you want your shop to be associated with, the most important factor for deciding if you'll make a donation is whether or not the individual or organization is a good customer.

Help those who help you. Don't bother with someone you have never seen before and most likely won't see again soon.

## PRICING MULTIPLE DELIVERIES

*"We deliver quite a few arrangements to our local hospital.  
Shouldn't I give a break on these customers' delivery charge?"*

### You don't need to.

When you call out a wire order that will be delivered to a hospital, it is not uncommon to discover that the filling florist charges only a nominal delivery charge. The logic is that with multiple deliveries to the same place at the same time, the shop's costs are lower and, consequently, the charge can be less.

But there's another way to look at it. One that makes even more sense. Delivery is arguably the most valuable service a florist offers. Isn't it logical that you should make money on your most valuable service?

Some florists are afraid to charge enough to make money on delivery for fear that the customer will go elsewhere. The evidence just doesn't support that fear. Florist after florist has raised its delivery rates and found that doing so was a non-event in the customers' eyes.

Customers don't come to you because of a low delivery charge. The odds are they won't stop using your services if you make a full charge for hospital delivery.

**T**he amount of your shop's annual sales that you will average each month from June through November. This is the lowest six-month stretch of sales for the entire year. And July is usually a bit below the other five months.

Staff carefully. Run a lean operation. Control your COGS. Exercising an extra degree of care is the only way to protect your cash flow during this period.

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