



INSIDE THIS ISSUE

FROM THE PUBLISHERS: <i>Delegation Dangers</i>	Page 2
ADVERTISING, PART 4: <i>Selecting the Right Media: Price Point & Reach</i>	Page 2
ADVERTISING, PART 5: <i>Evaluating Results</i>	Page 4
NON-COMPETE AGREEMENTS: <i>Are They a Good Idea?</i>	Page 6
BY THE BOOKS: <i>How Much Is a Customer Worth?</i>	Page 7
INQUIRIES & ANSWERS: <i>How Much?; Dress Code</i>	Page 8
NORMS: <i>SEO</i>	Page 8

QUICKTAKES

Ideas You Can Put

to Work Immediately

1

Don't Beat Yourself Up

Balancing family and work is always a challenge. Set your priorities. How much time will you devote to each part of your life?

Then, in those times you must work late, just do it. Don't go on a guilt trip. And when you must leave work for a family event, don't chastise yourself. The overall pattern of your life is what's important, not any single day.

2

Continuously Recognize

Before you go home, praise someone for what they did that day. Showing appreciation and giving positive strokes are essential. Especially in a low-wage industry.

The bonus? When individuals know they are appreciated, their attitudes are better. They work harder. Their performance improves.

3

These Things We Believe

Do your employees know the values that are important to you? If not, how are they going to align their work with your vision?

Share six to ten core values you would want everyone to follow. Review them with your staff. Post them in the shop. And most importantly, practice those values yourself.

In no time, your employees will consciously make decisions in keeping with your values.

DELEGATION DANGERS



You simply can't do everything yourself. Even in a small shop, delegating is important.

At the same time, learning when NOT to delegate is just as important. There are some jobs that only you, as the owner/manager, can or should do. Here are four of the biggest.

Tough decisions. Major, strategic decisions are your responsibility. If you're having a hard time making the right choice, it's okay to ask subordinates for their opinions and advice. Just don't ask them to resolve the issue for you. Making the call is your job.

A hot potato. Tough times call for strong leadership. In such cases, the owner/manager is in the best position to provide direction. Your employees will look to you for guidance. If you don't step in when the going gets tough, you could see your authority and respect erode.

Company rules. It is always a good idea to seek the staff's input on work rules that affect them. But don't delegate the responsibility for making rules or setting company policy. For example, if you decide to start a dress code, don't let others dictate what the code will be or how to enforce it.

Ceremonial tasks. Public and private recognition can help keep employees motivated. And kudos are most effective when they come from the most senior manager.

Paul Goodman
Editor

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



ADVERTISING PART 4 SELECTING THE RIGHT MEDIA: PRICE POINT & REACH

This article and the one on page 4 are the fourth and final in a series on advertising featured in the June, July and August issues of *Floral Finance*.

Once you know what you want to sell and when you want to sell it (June *Floral Finance*), which customers you want to target and how much you have to spend (July *Floral Finance*), it's time to pick the media you will use to get your message out.

Media cost more or less based on the number of people they touch. This is called "reach." The greater the number of people reached, the greater the price you will have to pay.

Some media have a very broad audience. Television is a prime example. Other tools, such as email and direct mail, can reach a very specific, targeted audience.

Frequency is just as important as reach. It takes several exposures before the average customer will act on a message. Seven is the average number, according to many experts.

For the greatest impact, select your media based upon how often you can repeat your message in that media.



YOUR WEBSITE & SOCIAL MEDIA

There's no question about it. The internet is the most important advertising medium today. And it is going to continue to be even more important in the future. Just as the industry long ago shifted from walk-in sales to telephone orders, the internet has supplanted the telephone today.

The first step is to invest in a good website that employs the latest techniques in search engine optimization (SEO) so customers can easily find you when they Google your name, location, and products and services you offer. This means using good keywords for the search engines and having a big social media presence.

To support your online presence, invest your time (or the time of an employee who is social media savvy) in Facebook, Instagram, Twitter and Pinterest. These outlets will give

you a direct line to your customers, followers and friends without any expense beyond time.

You can even "sponsor" pages on Facebook to increase the amount of times posts show up in your customers' feeds. And that is a worthy investment. It's just a few dollars for many more views.

Promote your site and social media outlets aggressively. Print the links on everything you send out and in all the marketing and advertising you do, including on your vehicles.

LISTINGS

Historically, the Yellow Pages were a favorite print marketing tool for retail florists. Since most business came in over the phone, advertising in the telephone book just made sense.

Not so today. The printed Yellow Pages are not distributed like they



used to be. People almost never use the printed Yellow Pages. They search for everything online. Even older adults now rely on the internet.

As a result, most florists have cut way back on Yellow Pages advertising. But of course online listings like Yelp, Google and Trip Adviser—and perhaps the online version of the Yellow Pages in your area—can be highly effective.

On most of these sites, listings move up in the rankings when you get good reviews. So be sure to take advantage of these opportunities in your region. Any free or low-cost online listing is worth the time to pursue.

READER BOARDS

If your shop is in a location with good drive-by traffic, a reader board is probably the next advertising expenditure you should make.

Once you purchase the reader board, it is virtually free advertising from that point on.

By far, the most effective reader board is an electronic board with color. This type of board draws everyone's eyes to your message. You also can change the words easily and scroll different messages throughout the day.

BILLBOARDS

Billboards can be very effective. They reach a specific community in a specific area. And your advertising message can be on display 24 hours

a day, seven days a week (if you buy a static billboard).

Costs vary by traffic counts and format. Be sure to check out this option since it could be a valid, targeted approach.



EMAIL/DIRECT MAIL

This is a terrific advertising tool for most retail florists. The price is right, and so is the audience. Because you can pinpoint exactly who gets your ad, email and direct mail are very cost effective.

Your own customers are the best mailing list. These individuals are already acquainted with your shop, your products and your services.

If you carry house accounts, you'll have a good start on your list. If not, collect the names, street addresses and email addresses of your credit card customers.

If you want to expand your mailing list to reach prospects in your neighborhood, contact your local mailing service. These companies maintain mailing lists for every zip code in town and can divide those lists by key variables, such as household income. You can devise a strategy to reach exactly the kind of prospects you want to target.

NEWSPAPER

Many florists run newspaper ads. Newspapers have a broad-based

readership. In a mid-sized market, citywide newspaper ad rates can be attractive. In large cities, they can be cost prohibitive.

If you are in a large city, consider neighborhood newspapers instead. They will be less expensive and more likely to hit your target audience.

RADIO

Except in very large markets, radio ads can be relatively inexpensive, even with multiple placements. The drawback is that the audience for a particular radio station is typically very narrow.

As an advertiser, the trick is to pick the stations whose listeners most nearly mirror your target customers.

Most retail florists focus on upper-income females between 35 and 55 years of age. If that is your demographic, hard-rock and heavy-metal

stations won't be your best picks. Talk radio or a soft-rock station is probably a better bet.

Another increasing challenge with radio is that many people now listen to subscription, ad-free options, such as

SiriusXM, or other audio offerings, such as podcasts and audiobooks.

Most of your customers probably live or work within five miles of the shop. Think carefully before spending money reaching a lot of people who will never respond.

TELEVISION

Television is dynamic. It combines sight, sound, action and color to get your message across. But it comes with a price tag.

If you're in a small market and enjoy a good share of that market, the expense may be worth it. And keep cable in mind. Local cable channels often offer inexpensive "banner" ads that appear on the top or bottom of the screen.

ONE LAST THING

Don't forget "trinkets and trash." Calendars, pens and refrigerator magnets featuring your logo, URL and social media outlets are solid, year-round advertising tools. 🌸



ADVERTISING PART 5 EVALUATING RESULTS

The big question regarding every advertisement is simple: Was it effective? Image advertising—advertising designed to build your name—is especially difficult to evaluate. So most florists focus their advertising dollars on easier-to-measure campaigns.

Ads that promote specific products are the easiest to measure. Just track how many of those products you sold.

Advertising designed to build traffic is also relatively easy to measure. You promote a special event or giveaway to get customers into the shop. You won't be able to count sales of a particular product, but you can count the number of customers who came in and compare that to your normal traffic.

TESTING

The traditional way to test the effectiveness of a distinct offering is to use a coupon. To get the special price, customers have to bring in the coupon—either printed or on their smart phones. Use a different coupon code for each ad. You can tally exactly how many responses you receive from each placement.

You also can advertise a certain item or discount. As soon as a customer asks for that special, you will know your ad worked.

When you advertise other specials, ask purchasers if they came in because they saw your ad or if they just happened to notice the item while shopping.

Simple surveys like this can yield great results. Customers will tell you what they like and don't like about the product. Every piece of information you get will make the survey more valuable.

By combining the information from the various tests, you will have a pretty

good idea of what's working and what's not.

SALES VOLUME

A general way to test an advertising campaign is to check the current week's sales against the previous week.

**PAY ATTENTION TO WHAT
OTHER SMALL BUSINESSES
ARE DOING IN THE
NEWSPAPER OR OTHER
LOCAL OUTLETS.**

During non-holiday periods, most shops' sales are predictable. A weekly sales increase that matches the timing of your ad is a good indication the advertising is working.

When you advertise during holidays, keep an advertising evaluation file. Make an entry for each ad placement: include a copy or screenshot of the ad; details on the product, the media and the date of the placement; and your weekly sales volume.

Each year, check your notes to compare your results against those of the previous year.

BREAK-EVEN FORMULA

Whenever you advertise a specific arrangement, calculate how many you need to sell to break even with the cost of the advertising.

First, determine the cost of goods sold (COGS) for the arrangement. Then calculate design labor costs if your designers had to drop other work to make the advertised arrangement.

Next, subtract the COGS and labor cost from the arrangement's retail price. What's left is your gross margin—the amount available to pay for the advertising and contribute to profit and overhead.

If you divide your advertising costs by the gross margin number, the result will be the number of arrangements/items you must sell to break even on the cost of advertising. For any sales above that number, the advertised special was profitable.

MARKET RESEARCH

If you have the time and money, a little market research can be quite helpful. You will learn what your customers actually think about you, what's positive and what could be improved.

Market research is expensive if you hire a professional firm. However, it's quite affordable if you design your own research and have your employees or part-time help do the work.

Some questions you might want to ask are:

- What ad, if any, brought you into the store?
- Did you buy the product in the ad? If not, why not?
- Did you buy any other product?
- Why did you select our shop over the competitors?
- What, if anything, in our products and/or services could we improve?

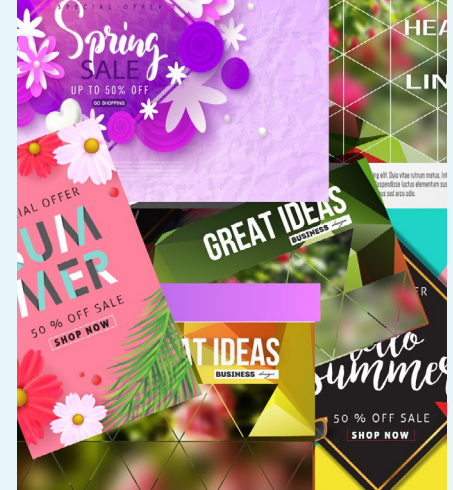
A little market research can go a long way toward helping you understand how your shop is perceived by the public and what you can do to improve your image. 🌸

Summer Sale

40% off all basket bouquets

Our charming indoor garden baskets, many with a handle, allow your lucky recipient to move it from room to room as the mood strikes. Choose from a basket of flowers or plants to show your thanks and love.

MAGGIE'S FLORAL

10 Tips for Effective Ads

- 1. Demonstrate the benefit to the customer.** Your customer wants to know why she should buy it. Don't make her guess. Give her one or two good reasons.
- 2. Make your message memorable.**
- 3. Use all of your available platforms—** your website, social media, reader board, etc., to promote your specials.
- 4. Feature the “right” item.** The featured product must be something your customers want at that time.
- 5. Write effective copy.** Make each word count. Don't try to be too clever or cute. Keep sentences short. Use action words. Tell them you want them to buy.
- 6. State the price clearly.** Customers often are lost because they don't know the price and are too shy, embarrassed or busy to ask. If you offer a range of prices, give all the options. And make sure your prices are competitive. Otherwise, you will be advertising for your competition.
- 7. Make your ads easy to recognize.** Every ad—whether electronic, print or otherwise—should have the same basic look, font and layout. Customers should know at a glance that an ad is yours, even before they read the words.
- 8. Keep layouts simple.** Less is more. A simple design will lead the reader's eye through to the end. Complex ads tend to discourage or confuse readers.
- 9. Use one dominant illustration rather than a bunch of small ones.** Don't clutter things up too much. Show the product clearly and simply.
- 10. Boldly display your shop's name, address, website, social media tags and phone number in your ads.**

Hiring a Professional

Ad Agencies

Advertising agencies can be a great help when it comes to designing ads. They're expensive; but for the right task, they can be valuable.

For example, you might seek an agency's help on your basic image and a simple template for the fonts and colors that you will use. Once you have the basic concept, you can move forward with a consistent brand, plugging in new copy along the way. Customers will begin to recognize your ads, and you will only pay the agency once for the initial concept, which you can apply over all of your platforms.

To make it even more cost effective, get the agency to design several templates of various sizes and for various media. That way, you have flexibility on the ad you choose to place.

Lower-Cost Professional Help

If you can't afford an advertising agency but still need some help, hire a local freelance graphic designer to help with your layouts. Agree on the task and price before you start. Narrow the scope as much as possible.

Another option is a graphic design student at a nearby college. Students need experience, are looking to build their portfolio and typically are quite inexpensive.

You might also look online for budget-friendly resources.

Large advertisers often budget one dollar in production costs for every four they plan to spend on media. Remember to include production costs in your budget.

A Quick Education on Layouts

You can give yourself a quick, but quite effective, education on advertising layouts at no cost. Merely review the various promotional emails that you receive from places you shop. Also check out their websites. Look at a favorite magazine. Pay attention to what other small businesses are doing in the newspaper or other local outlets.

Pick out the ads that get your attention. Then try to determine what elements separate those ads from the rest.

You'll notice typefaces, graphics, and the use of color, black/white contrast, copy styles and other elements. Some treatments will attract your attention more than others.

Another trick is to keep an advertising folder. Each time you come across an ad that strikes your fancy, take a screenshot or a photo and put it in your folder.

Pretty soon, you'll have ad designs representing thousands of dollars of creative time. You can copy the general ideas of the ones you like.

Finally, show your ads to a few friends who are not involved in your shop. First, ask them to read the copy and tell you what it is about.

You'll quickly learn whether your message is clear enough.

Then, ask them what they like or don't like about the ad. It won't be long until you're able to produce ads that are clear and visually appealing.



NON-COMPETE AGREEMENTS:

Are They a Good Idea?

You hire and train a key employee. He works with you for several years, developing relationships with your customers.

Then one day he quits. A short while later, you learn he has opened a competing shop just down the street and is actively calling on your customers.

It happens to retail florists all the time. But it doesn't seem fair.

The only solution would seem to be asking employees to sign a non-compete agreement—an agreement that restricts what employees can do when they leave your shop.

However, these agreements have problems.

CULTURE CLASH

Non-compete agreements go against the culture we have in North America. We believe in the freedom of each individual to earn a living in the way he or she wants.

On the other hand, businesses also have rights and need to be treated fairly.

In theory, non-compete agreements balance the interests of employer and employee. However, sometimes these agreements tilt so heavily in the employer's favor that they abuse the employee's rights. In fact, most non-compete agreements written without proper legal counsel do exactly that and ultimately are unenforceable.

In general, you cannot take away a person's ability to earn a living. All individuals have the right to use their talents, just as you do.

PROPER LIMITATIONS

Three principles define the essence of an enforceable non-compete agreement.

First, you can't restrict a person's rights forever. Enforceable non-compete agreements typically last only two to three years. A long enough period of time that the individual will have to do something else in the interim before regaining the right to compete with you.

IN GENERAL, YOU CANNOT TAKE AWAY A PERSON'S ABILITY TO EARN A LIVING. ALL INDIVIDUALS HAVE THE RIGHT TO USE THEIR TALENTS, JUST AS YOU DO.

Second, a non-compete agreement can't cover an overly broad geographic area. For example, it is not acceptable to restrict a past employee from opening a flower shop anywhere in your state. That's just too broad. The restriction has to be limited to that area in which you compete and no more.

Finally, the scope of the prohibited activities needs to be reasonable. There has to be a reason for the restriction. For example, no employee should be able to steal your customer list and use it to open a business that directly competes against you.

BUSINESS NON-COMPETES

The strongest foundation for a non-compete agreement is when you have paid money to an individual for the right to ask them not to compete.

This often happens when a business is purchased. The new owner pays the former owner an amount of money for the shop and, in return, can reasonably assume that the previous owner will not turn around and open a competing business.

But even this can't last forever. If the former owners are willing to wait out the period of time defined in the non-compete agreement, they can then turn around and open a competing business.

EMPLOYEE NON-COMPETES

If you're buying a business, you usually can negotiate a legally sound non-compete with the former owner.

However, getting an enforceable non-compete with an employee is much more complicated.

Unless you are willing to pay an employee to not compete with you when she leaves, you probably won't be able to draft an enforceable document.

Think about it. Most businesses in North America are started by someone who learns the ropes at one company and then opens up a similar type of operation. It's called free enterprise.

Someone, somewhere trained almost every person who has started a new business. Those trainees took what they learned and headed out to do it on their own. Both large and small companies have taught their competitors since the beginning of recorded civilization.

Sam Walton used to work for J.C. Penney's. Then he went out and founded Walmart. Former employees of Montgomery Ward got together to open Sears.

In fact, that's probably how you—or your parents—got started in the flower business.

THE BEST DEFENSE

Instead of worrying about how to keep your employees from trying to compete with you, figure out how you can be such a good competitor that no one will be able to take your place.

Continue to grow and innovate. Use your size to do more advertising and offer better deals. Teach your employees what it really takes to run a solid competitive operation—one that is so good they wouldn't think of trying to compete with you. 🌱

HOW MUCH IS A CUSTOMER WORTH?

The answer to the question above depends upon which customer you're talking about.

If it's a customer who only buys once a year at Mother's Day, the value might be fairly low. On the other hand, if it's a customer who buys several times a year, including a couple of large parties, the value could be huge.

Why is it important to know who the customer is?

First, it is a clue to how much you should spend to get a new customer. Second, it will tell you the cost of losing a customer.

AVERAGE CUSTOMER = \$706.80

Do you believe it? Here's how this calculation was done.

Multiply your average order size times the number of annual purchases times the number of years you expect to keep the customer times your gross margin percentage.

Example: Suppose your average order is \$57 and your average customer buys four times each year. That equals an annual total of \$228 in purchases ($4 \times \$57 = \228).

If your average customer stays around for five years, that's \$1,140 over the five-year period.

A typical retail florist has a gross margin somewhere between 62% and 68%. To be conservative, let's use the lower figure: $\$1,140 \times 0.62 = \706.80 .

So, with these assumptions, the average customer will contribute \$706.80 to overhead, payroll and profit over a five-year period.

YOUR SHARE

Suppose you only want to consider the money that customer puts into your pocket, not the amount allocated to overhead, labor and profit. How much would that customer be worth?

A well-run shop should pay the owner/manager 8% to 10% of sales in wages and another 10% in profit for a total of 18% to 20% of sales.

Viewed in that light, this customer would be worth \$205 to \$228 over five years—still a lot of money.



CUSTOMER APPRECIATION

It's a good investment to spend money to attract new customers. You may spend more attracting a customer than the total revenue you gain from his first purchase. But it's the future sales that reveal the true value of the customer.

Spending a few dollars—along with some time and attention—to keep an existing customer is perhaps even more important than chasing new business.

Why? For several reasons. One is that the cost to attract a new customer

is steeper than that to retain an existing customer. Think about the time and money that you invest in your marketing and advertising to put your shop on the radar of shoppers who have never bought from you before.

An even bigger incentive to keep existing customers happy? Satisfied customers will refer others to you. That's the best kind of advertising. You gain exponential growth.

But the reverse is also true. Dissatisfied customers will do more than just stop their patronage. They will take other customers or potential customers with them.

The old rule of thumb was that an unhappy customer will tell 10 friends about a bad experience. That's no longer true. Thanks to social media, dissatisfied customers can share their complaint with hundreds, if not thousands, of other people.

Work hard to resolve every customer complaint. Replace that arrangement rather than argue and risk losing the customer.

Do what it takes to keep your customers. If you lose them, you will lose much more than one person's business. If you keep them, you'll not only have their business but perhaps their friends' and families' as well. 🌱

FAMOUS FINANCIAL WORDS

"Farmer, laborer, clerk: That's a brief history of the United States."—John Naisbitt

"If you don't want to work, you have to work to earn enough money so that you won't have to work."—Ogden Nash

"Fortunes made in no time are like shirts made in no time: It's 10 to 1 that they won't hang together very long."—Douglas Jerrold

teleflora.

3737 NW 34TH ST
OKLAHOMA CITY, OK 73112

INQUIRIES & ANSWERS LETTERS

HOW MUCH?

"Instead of quoting a delivery charge, a New York City florist I recently called asked me how much I could comfortably collect from my customer. We settled on \$10. Did the customer get ripped off?"

No.

New York City florists can charge local customers between \$7 and \$25 for delivery, depending on location. That may sound high to you, but it's really not.

The cost of doing business in dense, urban areas can be dramatically higher than elsewhere. A big-city florist may be paying his driver \$15 per hour or more. Auto insurance is expensive. Stop-and-go traffic causes greater wear on vans. It takes more time to make a delivery. Mechanics charge more. Traffic tickets are sometimes unavoidable. All of these add up to higher delivery costs.

Be sure to go over these delivery economics with your customers when they send wire orders to large cities. Remember, wire service rules allow filling florists to deduct their standard delivery charge from the gross order. That \$7.95 to \$9.95 you might normally collect in a smaller town won't go very far in a big city. On the New York order, the customer will have to choose between a less impressive arrangement or a higher overall bill. Most customers will readily accept the situation once they understand it.

DRESS CODE

"I care about my appearance. Unfortunately, some of my employees don't take as much pride in the way they look. Can I legally use a dress code to bring them in line?"

Yes.

It's not only legal to have a dress code, it's often advisable. The image of your business is at stake. In a flower shop, most employees are visible. When customers walk in the front door, you want them to be greeted by a sharp, professional image.

Ask employees for their input. Being able to participate may make them more willing to cooperate. They might even adopt more conservative rules than you would on your own.

Be careful not to discriminate. That's against the law. You can, however, have different standards for different workers if there is a valid job-related reason. Someone who cleans flowers or washes buckets in the back might wear an apron or smock. The salespeople out front? Something a little nicer.

NORMS

SEO



This is the percent of people doing a Google search who don't go past the first page, which verifies the belief that you need to be as high on Google listings as possible.

Search engine optimization (SEO) is important for this very reason. Although no one outside of Google really knows the exact formula it uses to place listings higher in the ranks, most believe it has to do with the words you use on your pages (key words) and how many links other legitimate sites have to your website.

Start by doing a Google search on your business and see where you land. Search "florist" for your city or town. Hopefully, you are near the top of the list.

Teleflora does a particularly good job of SEO for the websites they host.

Source: Gravitateonline.com

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 2018 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.*