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QUICKTAKES

*Ideas You Can Put
to Work Immediately*

1 'But'

Try to limit your use of the word "but" when in a discussion. Why? Because it signifies you disagree with what the other person is saying. If you want to move toward agreement, try using the word "and."

Compare these two comments:
"You have a good plan, but I would like to review it."

"You have a good plan, and I would like to review it."

Which is more likely to lead to agreement?

2 Fire Prevention

Fire prevention rarely gets much attention, but even a small fire can cost thousands of dollars.

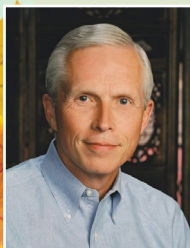
Take time to check your fire extinguishers. Are they fully charged? Do your employees know how to use them? Walk through your shop to look for potential fire hazards.

3 Listen & Agree

When a customer or employee has a complaint, listen carefully, make eye contact and show empathy. Then find agreement.

For example, even if the customer gave you a wrong address, you can agree that an arrangement needs to be delivered to the right person. When people feel heard, they will be more open to resolution.

MODEL WHAT YOU WANT



How do you get employees to do what you want? By exercising leadership and demonstrating the behaviors you expect.

Providing job descriptions and

rules is a great start. That will set some initial expectations, and most employees will perform well enough to get their paychecks. However, don't you wish for more than the minimum from your employees? Like enthusiasm and a desire to serve customers better and perform with excellence.

How do you get employees to work up to those expectations?

One answer is leadership. A true leader is much more than a manager. Managers see that tasks are done properly and on time. Leaders inspire excellence while the tasks are being accomplished.

The key to effective leadership is modeling.

If you want your employees to be truthful and forthcoming, you must be truthful and forthcoming. If you want a pleasant, upbeat atmosphere, you must be pleasant and upbeat.

If you want employees to genuinely care about customer service, you must demonstrate a commitment to customer service. You can't say one thing to customers and then bad-mouth them after they have left. Your actions have to reflect your words.

Make a list of what you want from your employees. Then practice what you preach.

A stylized, handwritten signature in blue ink that reads "Paul Goodman".

Paul Goodman
Editor

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

Theft -&- Fraud

You May Be a Target

Have you ever asked the question, "How much money and time would we save if people were honest?" Think about it.

You wouldn't need locks or security systems. You wouldn't have to ask new customers for a photo ID or other proof of identification.

Don't hold your breath. Dishonesty and theft are part and parcel of the human experience. Billions of dollars are lost each year to theft and fraud.

How vulnerable is your business?

Here's a quick look at some of the more common cons you'll run across as a retailer.

PHONY INVOICES

Many small businesses are careless in their procedures for approving and paying invoices. Phony invoice schemes take advantage of those loose habits.

Sometimes it begins with a phone call. The caller may be "conducting a survey" or pretending to be one of your suppliers. The idea is to get you to reveal information about your operation.

What kind of information? The kinds of products you buy. The amount. Key employee names. Things the average person walking off the street wouldn't normally know. That information is then used to send you a phony invoice.

When the invoice arrives, it may look entirely credible. A type

of product you normally purchase. The correct name of the person who likely would have ordered it. All in proper order.

Also, the charge is usually a small amount. Definitely under \$100. Maybe under \$50. It blends right in with all the other invoices you are processing for payment. The only difference is that in this case, you never ordered or received the product.

The key to beating a phony invoice scheme is to tighten up your payables processing system.

First, have a single person responsible for approving invoices. Also, clear all bills with the person who is supposed to have placed the order or the person normally in charge of placing such orders.

Usually these filters will take care of any fraudulent invoice that appears.

DISGUISED SOLICITATIONS

You get lots of direct-mail pieces every day. Usually they are easy to spot. Flashy claims. Bulk postage. Recognizable advertisements.

However, occasionally, an offer to sell goods or services is disguised to look like an invoice. The goal is to make you believe you already have placed an order for the item.

The disguised solicitation will arrive in a professional-looking business envelope. It will be sent via first-class mail. And it will look just like an invoice—often with a shipping date, invoice number and authorization code. The solicitation might even have a “past due” stamp on it to make you think it must be handled promptly.

The law prohibits this type of promotion—unless it includes a prominent disclaimer clearly stating that it is not a bill but, rather, a solicitation and that you don’t owe anything unless you accept the offer.

To catch this type of fraud, make sure every invoice is approved properly. If in doubt, don’t pay. Wait for a follow-up invoice or reminder. The scam artists usually won’t bother. They’ll move on to an easier mark.

SWITCHED TICKETS

This one is common in shops with price tags that can be removed without damage.

A sticker that can easily be peeled off an inexpensive item and placed on another, more expensive item is an open invitation to a thief.

Stickered arrangements that can be taken out of a utility container and placed in a more expensive one represent a similar danger.

The best protection against this kind of fraud? A sales staff that is completely familiar with your products. The more knowledge they have, the better they will be able to spot products and prices that don’t match.

For even greater safety, use price stickers that tear apart when they are removed. These stickers are surprisingly inexpensive and well worth the investment.

FRAUDULENT REFUNDS & EXCHANGES

Merchandise is often shoplifted to make possible a fraudulent refund or exchange.

This is usually done by experienced con artists. The thief first collects sales slips that have been discarded by legitimate customers. Then he or she “shops” for an item like that described on the sales slip.

If in doubt [about a questionable invoice], don’t pay. Wait for a follow-up invoice or reminder.

A day or two later, the merchandise is presented for a refund, along with the retrieved sales slip.

Alternatively, merchandise is paid for by check. The customer then stops payment on the check and returns the item for a refund before the bank notifies the retailer that the check didn’t go through. The shop ends up refunding money it never received.

Don’t attempt to stop fraudulent refunds by advertising “all sales are final.” That would go against the “satisfaction guaranteed” policy that is critical to a retail florist’s success. Overly harsh policies may well also save a few dollars initially, but they also drive away good customers.

Instead, get to know your customers and use sound business practices. Ask for an ID and require a receipt unless you know the person.

Also, never give cash back for a purchase made with a credit card. Credit the card for the amount of the

returned item. And for cash purchases, don’t provide refunds for several days after the purchase—after the checks have cleared.

If someone abuses your guarantee policy, you can always ask him or her to shop elsewhere.

THE CONFUSED CASHIER

Some crooks are “quick change” artists. They don’t steal any products. They go right for cash.

The customer pulls out a big bill to pay for a small purchase. The cashier counts out and hands over the change. The customer suddenly decides to pay with a smaller bill instead. He or she reaches for and pulls back the larger bill. Things get confused (for the cashier). The customer tries to “help.” Money keeps changing hands, all while the customer is talking and moving.

When the scam is successful, the cashier ends up giving out much more change than was called for.

Again, simple procedures will help. Keep the cash register out of reach of the customer. When a customer pays with cash, don’t immediately put the money in the cash drawer. Instead, put it to the side.

Then, personally count out the change. If the customer changes his or her mind on how to pay, stay in control. Have the customer return all the change you originally counted. Next, give the original bill back and start the process over from the beginning.

Remember, this ploy depends upon speed and confusion. A careful and methodical cashier can disrupt the thief’s plan.

• • •

Fraud and theft are risks for every retailer.

However, you have much to be thankful for. Retail florists are not the bad guys’ top targets. Your business is a very personal one. You know most of your customers. If you and your employees are careful, you can head off most scams. 🍁

SHOPLIFTING

It Comes With Many Faces

Unfortunately, honesty does not rule the human heart. Some people lie. Some people steal.

That means as a retail florist, you are vulnerable to theft on several fronts. However, a little bit of diligence and alertness will help you reduce the risk.

BIGGER THAN YOU THINK

Retail stores lose \$20 billion to shoplifters each year. These losses cut the profits of business owners and often increase the prices consumers pay.

Shoplifters come in all sizes and shapes. Some are professionals who steal for a living. This group is responsible for about half of all shoplifting.

The other shoplifters are amateurs—everyday folks who take things once in a while for a variety of reasons.

Have you heard the story about the two hikers who came upon a bear? One

stopped to take his running shoes out of his backpack. His friend said, “Why are you doing that? You can’t outrun a bear.”

“I don’t have to outrun the bear,” the first hiker said. “I just have to outrun you.”

How does that apply to shoplifting? Simple. You can’t prevent all shoplifting. Especially by the professionals. They may be able to outrun you.

However, you can make your shop a less likely target. A few steps will make

shoplifting at your store harder than it might be elsewhere.

Don’t Let Them Hide

Shoplifters don’t want attention. They want to be invisible.

So, don’t let ‘em hide.

Take a walk around your shop. Look for areas that are hidden. Add extra lighting to any spot that is too dark to monitor effectively. Rearrange fixtures and displays to eliminate blind spots, or install mirrors that allow you to see into corners.

Be aware, however, that mirrors are a two-way tool. They will give you a more complete picture of your shop’s interior. But thieves also can use them to see if anyone is watching.

A better, but more expensive, solution is a closed-circuit TV camera aimed at hard-to-see areas. Potential shoplifters will know they are being watched and that you may have video proof of their crime.

If you don’t want to spend the money for a real video system, put up fake cameras with little red lights that make them look like the real thing. Few thieves will be able to tell the difference.

Next, place your checkout register near the door. Thieves won’t be able to slip out unnoticed.

Don’t just check the door when people leave. Greet everyone who enters. No exceptions. Prospective thieves will know they can’t be anonymous.

Then, periodically offer each customer help. Remind them of your watchful presence.

Keep an especially close eye on anyone with a large coat, purse or shopping bag that could be used to hide merchandise. Even an

Who Takes the \$20 Billion Shoplifted Each Year?

50%
Professional Shoplifter

50%
Casual Shoplifter



LUCKY YOU— YOU'RE A FLORIST!

Retail florists are not the top target of most shoplifters. Here's why:

- Your customers are older. Shoplifters tend to be younger people. You don't have the right clientele.
- Shoplifters aren't looking for perishable products, and few florists carry a big gift line.
- Flower shops tend to be small, with few customers inside at any given time. Shoplifters like bigger crowds and more commotion. They don't like to stand out.

Shoplifting is a problem. Fortunately for you, it's not as big an issue in flower shops as it is for other retailers.

innocent-looking person pushing a baby carriage can be a shoplifter. Some thieves are really gutsy.

Post a Sign

As simple as it sounds, a sign on your door that says you prosecute shoplifters will turn some thieves away. They will know you're watching even before they enter.

Put small, expensive items, like collectibles, in a locked display case. This low-cost theft prevention technique makes it difficult for a thief to get his or her hands on the merchandise.

Train Your Staff

Finally, train everyone on your staff to follow these theft-prevention steps. Only a team effort will bring the results you want.

Then, teach them what to do if they spot someone shoplifting. These three steps will help you protect the shop without creating unnecessary danger:

1. Don't stop apparent shoplifters while they are still in the store. They can just say they were going to drop by the register on the way out.
2. Instead, apprehend them outside of the store. Just walk up, take their arm and ask a direct question, such as "Do you always do this?" Only a very experienced operator will handle the question smoothly without stumbling.

3. Then, lead them back to the store and call the police. If they run or start to get physical, let them go. Don't risk your own safety. The police will do the chasing. But get a good description to give the authorities.

EMPLOYEE THEFT

Not every shoplifter comes from outside the store.

Employees can steal flowers, other products or supplies like pencils and paper. They can even steal money.

Employee theft is no small matter. The stolen property is cash out of your pocket. Let employees know that you will not tolerate theft. Stealing from the store will result in automatic dismissal. Maybe even prosecution.

Flowers are the most common things employees take. It's easy. Just grab a few stems on the way out at the end of the day.

Some owners encourage this type of stealing without knowing it. They set a bad example by regularly taking flowers themselves. After all, they're the owners, right? They paid for the products.

That may be true, but employees who think they work as hard as the owner might figure they deserve the same perks.

To reduce this type of theft, try these three techniques:

1. **Employee discounts.** You don't need to make money off your employees. So, take away the incentive to steal by giving them a generous discount on products they want to buy. Employee discounts of 30%, 40% or even 50% are common in

some shops. Just make sure the discount applies to everyone—yourself included.

2. **No solo sales.** Don't allow any employee to ring up his or her own purchase.

Require that you or another worker process the transaction.

3. **Cash only.** Have all discounted purchases be paid for with cash. Don't carry a receivable on a discounted sale.

Two last tips will make your employee discount program stronger and safer.

1. If you offer a discount on designed products, make it much smaller than the discount on fresh products. After all, you've paid for all of the labor that went into those products.
2. Allow discounts on new merchandise only after the item has been in the shop for at least a month. Otherwise, special holiday purchases may disappear before your customers get a chance at them. You'll be left with no profit on potentially big money-makers.

EMPLOYEES WHO STEAL MONEY

from the shop rarely are acting on impulse. They almost always have carefully thought through and planned the theft. As a result, measures to prevent this kind of theft have to be a little more elaborate. Next month's *Floral Finance* will provide detailed advice on how to keep your cash from disappearing.





Attracting new customers costs much more than keeping old ones.

One way to keep existing customers happy (and buying) is to offer a hassle-free, 100% satisfaction guarantee: “If you don’t like it, we’ll fix it or replace it.”

That’s exactly what customers have come to expect. These days, it’s what you must deliver to remain competitive.

HIGH YIELD, LOW COST

What will this type of guarantee cost? Not as much as you might fear.

One florist we know is more than generous with his guarantee—some would say too generous. He often replaces an arrangement when the only problem is flower selection or color choice.

The annual cost of even this generous policy works out to be less than 1% of sales. The florist just factors this cost into his marketing expense. After all, what could be better advertising than making customers happy?

PARAMETERS

Offering a guarantee is one thing. Implementing it is another.

Take, for example, this common caveat: “We offer a 100% guarantee ... provided the customer can prove the problem was our fault.”

This puts a big burden on the customer. To whom must he or she appeal to make use of the guarantee? What level of explanation or proof is required?

The answers can mean the difference between a guarantee with real “teeth” and one that is all talk.

THE WALMART PHENOMENON

Like zillions of other people, you’ve probably shopped at Walmart. This giant discount chain has come to symbolize much of what is right with retailing. Walmart sets the standard for other retailers. Their practices educate the public on what to expect. If you’ve ever returned a Walmart purchase, you know that doing so is a relatively easy experience.

A smile, an apology and a “Thank you for shopping at Walmart” are what you get. Even if you’ve lost your receipt or damaged the packaging.

Thanks to Walmart, that’s what customers have learned to expect when they return an item to a retailer—any retailer. As a result, you can do no less if you expect to keep customers happy.

SHARE THE POWER

Notice that in the Walmart example, a supervisor doesn’t have to approve the refund or replacement. The front-line customer service representative has the authority to do so. That’s the way it should be in your shop, too.

Empower all of your employees to honor the shop’s guarantee. No other approval should be necessary.

Think about your own experience with returns. Do you like to be made to wait, or put on hold and transferred around when you have a problem? Of course not. Neither do your customers.

The downside? Occasionally, an employee might give a replacement when he or she shouldn’t have.

This is a very small price to pay for better customer service.

**EMPOWER
ALL OF YOUR
EMPLOYEES TO
HONOR THE SHOP’S
GUARANTEE**

Even when a replacement is mistakenly issued, you can always use the situation to educate your employees. Talk about how the shop should respond the next time a similar situation occurs.

An example might be when a customer abuses the shop’s guarantee. In that case, you don’t have to keep giving refunds. Just ask him or her to do business elsewhere in the future.

The cost of empowering your employees to authorize replacements is small. And the benefits are enormous.

Think about how a 100% guarantee might benefit your shop. But don’t wait too long to put it in place. Chances are, your competition already has such a practice. 🌸



WE'RE IN THE *Flower* BUSINESS!

Sooner or later, every florist considers selling non-floral products in addition to flowers. Gifts, cards, wine, candles and collectibles all seem to be appropriate add-on purchases for customers who already buy flowers.

It seems logical that the average retail florist could realize a good chunk of sales revenue from non-floral products.

However, that is not what usually happens. Flowers are the heart and soul of the business.

ARRANGEMENTS

Arrangements account for 67% of the average retail florist's sales. Almost two out of every three sales dollars come from these design room products.

Add in loose flowers, and fresh flower-related sales make up 72% of sales. Factor in wire-order revenue, and you're up to 74%.

Counting both gifts on the product side and miscellaneous items on the non-product side, total non-floral sales come to just 5% to 6% of all sales.

That means a whopping 94% to 95% of total sales come from flowers and flower-related products.

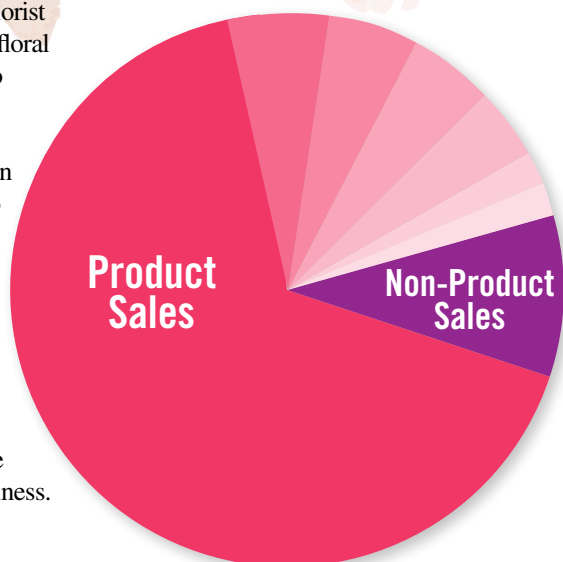
WHY SO FEW OTHER PRODUCTS?

Florists who enjoy significant non-floral sales are generally in high-traffic locations. A greater percentage of their business comes from walk-in customers.

It makes sense. Customers who are in your shop can see the other items you carry. When customers order over the phone or the internet, they are usually thinking flowers, not other products.

EXPECTATIONS

Adding gifts may help boost your overall sales. But keep your expectations in line with reality.



Typical Flower Shop Sales

Product Sales

Arrangements 67%
Green Plants 6%
Loose Flowers 5%
Blooming Plants 5%
Gifts 4%
Silk/Dried 2%
Balloons 2%

Total 91%

Non-Product Sales

Delivery 6%
Wires Out Comm 3%
Service Charges 2%
Rebates 1%
Misc 1%

Total 9%

The seasonal highs and lows common to the floral industry have parallels in the gift industry. So don't expect gifts and other hard goods to smooth out seasonal fluctuations.

CAUTIONARY NOTE

It's not unusual for shop owners to put more time and effort into newer, less profitable product lines than they do into their shop's core business. Unless your shop is the rare exception, fresh flowers are your forte. Capitalize on this strength.

Fresh flowers first, and non-floral products next.

DON'T FRET

In most businesses, the majority of sales and profits come from just one product line. When those businesses try to duplicate their success with another product line, the results are often disappointing.

Promote fresh flowers. They're what got you into the business in the first place. Use non-floral products as a second wave of revenue. But when you do tap into this other-than-floral product category, keep your eyes open to the risks as well as the rewards. 🌸

FAMOUS FINANCIAL WORDS BY WOODY ALLEN

"Money is better than poverty, if only for financial reasons."

"Organized crime in America takes in over 40 billion dollars a year and spends very little on office supplies."

"I don't want anything that won't fit into my coffin."

teleflora.

3737 NW 34TH ST.
OKLAHOMA CITY, OK 73112

NORMS

COUPONS



Two-thirds of American households use coupons, with the vast majority of them (87%) used to save money and 30% used to try a new product or service.

Almost half of all American households use coupons to buy food or grocery products, making them the most common items purchased with coupons.

Close to 50% of American adults say they are likely to be drawn to a store they don't normally shop at by a coupon.

The fastest growing use of coupons is email marketing. Emails with coupons get opened 50% more frequently than those without coupons.

Source: Experian Marketing Services.

INQUIRIES & ANSWERS LETTERS

PROMOTING YOUR WEBSITE

"What is the best way to get customers to use my website?"

Local advertising.

Most website traffic is generated through referrals. Someone will tell a friend about a good site. That friend tells someone else. And the word spreads.

If you want people to use your website, they must know you have one and what the URL is.

What's a URL? URL stands for "uniform resource locator," which is a fancy term that just means your internet address. For example, www.myflowershop.com is a URL.

Put your URL on every piece of printed material that goes out of your shop. Paint it on the side of your delivery vans. Put it in every ad you place, including yellow page ads. Include the URL in a decal on your front door or window. Feature it on your outside signage.

Ordering over the web is becoming so common that it is not unusual for your good local customers to order their flowers from your website, even after visiting your shop. It's the new way consumers do business.

E-COMMERCE ENABLED

"My brother-in-law says my website is no good because it isn't e-commerce enabled. I have a beautiful site that shows lots of our products. Is he right?"



Unfortunately, yes.

Your website is called a "brochure site." It tells all about your shop but doesn't allow someone to place an order online. They have to pick up the phone or visit your store.

An e-commerce enabled website can take an order and accept a credit card for payment. The best ones approve the credit card while the customer is online.

Teleflora hosts more florist websites than anyone else at a very reasonable cost. And all their sites are e-commerce enabled. Call Teleflora for more information.

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