



**TIMING IS EVERYTHING**  
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FINANCIAL INFORMATION,  
EDUCATION AND CONTROL  
FOR THE RETAIL FLORIST

# Floral<sup>®</sup> Finance

teleflora<sup>®</sup>

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## QUICKTAKES

*Ideas You Can Put  
to Work Immediately*

### 1 Communicate Visually

Want to communicate more effectively? Add visual images to your words.

Research shows that people who are taught with words alone have an immediate recall of 70%. In just three days, however, recall drops to 10%.

When the same information is combined with visual support, immediate recall is 85%. And after three days, recall is still at 65%.

### 2 Encourage Enjoyment

Most people feel more successful when they are doing something they enjoy. While this may seem obvious, it is a reality that is often ignored.

Think about it. When you feel your best at work, isn't it often connected to enjoying what you are doing and the satisfaction of your accomplishments?

Do what you like, and encourage those around you to do the same.

### 3 Effective Voicemails

The best voicemails are less than 50 seconds long. Concise and to the point. But not so short that the message is unclear.

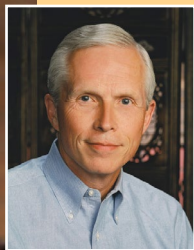
Slow down when you give your callback number. Repeat it. Callers often say their numbers so fast that the recipient must replay the message to get the number right.

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## THE FAMILY-OWNED BUSINESS



Have you ever wondered how well families do at passing a business down through succeeding generations? If so, wonder no longer.

More than 30% of first-generation owners manage to keep the business open and operating for their children. However, survival becomes progressively more difficult after that.

By the third generation, only 12% are still in business. By the fourth, a mere 3%.

It is easy to understand how this happens. The children may not be interested in following the same career path as their parents. When you move through several generations, the odds of maintaining that singular focus grow slim.

However, you can do some things to increase the odds of long-term business success.

Probably the most important thing is to pass along your pride in running a successful flower shop. Start early and often to talk about the business.

Many owners postpone family business discussions until their children are teenagers. In most cases, that is too late. You need to start the conversation when the kids are even younger.

Bring them to the shop. Help them do show-and-tell projects using flowers. Provide flowers for the clubs they join and activities they pursue.


Most of all, don't speak negatively about what is happening in the shop. Many children choose not to follow in their parents' footsteps because all they heard around the dinner table growing up was their parents' daily business woes.

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Editor

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# FLEX-TIME PERKS

## Part-Time Pluses



**H**ire part-time rather than full-time employees. It's one of the best strategies a retail florist can follow.

The more part-time employees you have, the greater your flexibility to increase or decrease hours as needed. You also will be able to offer employment to qualified individuals who can't or don't want to work full time.

Hiring part-time—and temporary—employees is one of today's fastest growing business trends. It brings benefits to employers and employees alike. Especially during a difficult economy.

### EMPLOYEE SATISFACTION

Many employees now place personal growth and a flexible schedule ahead of traditional career-building. Some want to return to school. Others are focused on parenting a young child. Still others are retirees who want to earn a little extra money without binding themselves to a 40-hour workweek.

By offering part-time and flexible work schedules, you can attract these talented, yet nontraditional, workers to your shop.

Giving employees freedom to chase their dreams can mean a big bonus for your business. With their personal needs met, part-time employees will be both happy and productive. Many will feel a strong sense of loyalty to your shop, in return for your allowing them to pursue their personal goals.

With a flexible schedule (and, of course, a pleasant work environment), you will be able to pick and choose among many qualified and motivated applicants. At least some of these applicants will have more education and experience than you might be able to afford on a full-time basis.

Word that your shop is a great place to work will travel. And as word-of-mouth referrals grow, so will the pool of potential part-time employees.

### FLEXIBLE SCHEDULING

It's an old rule, but a good one. If you want to turn a profit, you must control expenses. Prime among these expenses is payroll. Excessive payroll is the primary cause of decreased profitability in flower shops.

A cadre of part-time employees at the ready will help you avoid this pitfall. You can staff up for busy sales



periods and down when your needs are not so great.

There are, however, a few caveats. Be careful not to promise employees more hours than you can deliver. And don't allow so much flexibility that scheduling becomes a nightmare. A frank conversation up front will clarify your expectations—and those of your employees.

### REDUCED COSTS

The question of whether to offer fringe benefits to part-time employees has become an increasingly important one. Although some companies are beginning to offer these perks, doing so can be expensive.

Typically, full benefits will cost an employer 10% to 20% of an employee's salary. Multiply that by four or five part-timers, and the practice soon becomes a pricey proposition.

However, if a part-time worker's hours approach full-time status, granting benefits may make sense. A 30-hour-per-week worker is in an entirely different situation than one who works just 10 or 15 hours each week.

A decision not to offer benefits to part-time employees will certainly save money. Just be certain that other perks of working for your shop are even greater.

Flexible scheduling, a fun working environment, a generous employee discount and the exciting promise of learning new skills will help you attract and keep good part-timers. These and other creative perks come free (or cheap) and may have equal or greater appeal than traditional benefits.

### How Many & When?

Retail florists need a lot more help when it comes to holidays. Take Valentine's Day, for example. Most florists are only seriously busy for 3 to 5 days in February. And starting on February 15, sales levels drop back to normal non-holiday levels.

Well-managed shops add staff or hours for the holiday crunch and then just as quickly reduce staff or hours once the holiday is over.

However, what many florists have not realized is the consistent way their sales track during non-holiday periods.

Non-holiday weeks are very predictable. You'll do about the same amount

of sales during a non-holiday week in March as you will in a September or October non-holiday week.

With their personal needs met, part-time employees will be both **HAPPY** and **PRODUCTIVE**.

Sales also will be consistent day by day. If you're typical, Friday will always be the busiest day and Monday will be the slowest. But whatever the daily sales pattern is in your shop, the pattern will hold true week in and week out.

### Non-Holiday Staffing Analysis

To know how many hours to schedule for any given day, do a non-holiday staffing analysis. It's easy and should take less than an hour.

Here's how to do a non-holiday daily staffing analysis for the design room:

1. Take your arrangement sales for four consecutive weeks during a typical non-holiday period—maybe the four weeks after Valentine's Day or four weeks in September.
2. Then set up a table with seven columns and eight rows. You can do this on a piece of paper or use an Excel spreadsheet. (The spreadsheet is easier because it does all the math for you.)
3. Use one column for each week (1-4), one for "Total," one for "Average" and one for "Design Hours Needed."

4. Label the first seven rows for Monday through Sunday. The final row is for "Total."
5. For each weekly column, enter the amount of arrangement sales by day. Do not include wedding or event work. Those sales are sporadic and must be planned separately. Total the sales for each week in row 8.
6. For each day, add the four weekly entries and enter that amount in the "Total" column.
7. Then, divide the amount in the "Total" column by 4 to get your average arrangement sales for that day. Put that number in the "Average" column.
8. Finally, in the last column, divide each day's average volume by \$120 or \$140 to get the average number of design hours you will need for each day. (The higher number will give you higher productivity.)

Use the figure in column 7 as a guide for staffing your design room each day.

The design room is the most critical area to staff. But you can and should do a similar analysis for deliveries and sales.

### Part-time = Flexibility = PROFIT

Greater job satisfaction for employees. Increased productivity. More flexibility. Decreased expenses.

Once you know how many labor hours you need in each department each day, use part-time employees to fill the slots.

Your bottom line will improve. Instantly. 🍷

### Non-Holiday Staffing Table

	Week 1	Week 2	Week 3	Week 4	Total	Average (Total/4)	Design Hours Needed
Monday							
Tuesday							
Wednesday							
Thursday							
Friday							
Saturday							
Sunday							
Total							

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# Open Your Doors to Profit

## Longer or Shorter Hours?



**H**ow many hours should you stay open each day and each week? It's a simple question without an easy answer that fits all shops. Many factors work together to determine an individual floral shop's ideal hours.

### TRADE-OFF

Setting hours is a tradeoff between customer service and operating expense. If you stayed open 24 hours a day, seven days a week, you would be available to serve customers no matter when they wanted to shop. Customer service to the max!

You also would go bankrupt paying for staff and operating your shop around the clock.

So how can you determine what hours are reasonable? The answer is in finding the point at which extra hours are no longer profitable.

### DAYS OF THE WEEK

As you assess shop hours, also look at days of the week.

What days should you open your doors?

Every day during the week? All weekend?

Depending on the emphasis of a shop's sales, it may be open most weekdays. If one weekday is dropped from the schedule, it is most often Monday. Most florists stay open on Saturday, but many close early.

Although the vast majority of shops close on Sunday, a small percentage keeps regular hours. And yet another small group opens for part of the day—usually noon to 3:00 p.m. or 4:00 p.m.

### LOCATION

Location, location, location ... these are the three most important factors for business hours in retail shops of any kind.

Where you are located greatly impacts your need and opportunity for extended hours. The longer the traffic flows—be it pedestrian or vehicular—the more you may benefit by extending your hours.

Some downtown locations experience high traffic until 5:30 p.m. and then completely go silent. Others stay busy throughout the evening. The latter is becoming more common in some cities as the trend for urban revitalization increases.

Another macroconsideration is the size of your city. The larger the city, the more likely longer hours will be profitable. Swing-shift and graveyard-shift workers are in abundance in larger cities.

Dining options, entertainment opportunities, evening activities and other events in larger cities encourage people to stay out well into the evening. This represents many potential flower buyers.

Also consider another significant business generator. If your shop is located close to a hospital,



you may experience additional traffic at off-business hours.

For example, many hospital visits occur when family and friends are off of work. It's more convenient for these customers to buy flowers in the late afternoon or early evening hours.

**Location, location, location ... these are the three most important factors for business hours in retail shops of any kind.**

This same trend may be true if you are located near a funeral home.

### EXPERIMENT & EVALUATE

Since there is no formula to calculate the ideal hours for your shop, experiment and evaluate!

To know for sure if your shop is open too many or too few hours, you need to understand exactly how much business you generate in the last hour or two of each day. Your point-of-sale (POS) system can give you this information quickly.

If you are open until 8:00 p.m., calculate how much business you do from 7:00 p.m. until closing. While you're at it, check sales for the 5:00 p.m. and 6:00 p.m. hours too.

Next, determine your costs to stay open for each of those time periods. Since labor is your most significant operating expense, begin with your hourly labor costs.

If just one person is working, take the hourly wage for that employee's time, including payroll taxes and benefits. At a minimum, taxes and benefits will be 15%—enough to cover the 7.65% tax for Social Security and Medicaid, plus unemployment or worker's compensation insurance. Add to that the cost of vacations, holiday pay and any health insurance you provide.

### Cutting Hours

Let's suppose you pay the employee \$10.00 per hour, with \$1.50 for payroll

taxes and benefits. Total cost for one hour is \$11.50.

Now, suppose your sales for the last hour of the day are only \$20. Subtracting your cost of goods sold (COGS) from that \$20 will glean your contribution from that extra hour.

Assume the \$20 was in the form of loose flowers, which have a double markup in your shop. In other words, 50% (or \$10) was the COGS for that \$20 sale. You would only have a \$10 contribution to cover \$11.50 in extra payroll expense.

In this example, you would lose money during that last hour.

Even if last-hour sales for Monday through Friday vary a bit, you most likely will want to keep your shop's weekday hours consistent so as to not confuse your customers.

Shorter weekend hours, however, aren't usually a problem. Customers will understand.

Florists who go through the analysis above often find that they do virtually no business after 6:00 p.m.

A wrinkle in the issue is that some shops experience different sales patterns during different times of the year. Depending on your seasonal sales patterns, shorter (or longer) summer hours might make sense.

### Adding Hours

Deciding whether to add hours is a bit more complicated. Plus, it will take time and money to prove in practice whether the extra hours will pay off.

Look first at vehicular traffic counts to make an educated guess as to when your business will fall off. Your city traffic department should be able to give you hourly traffic counts.

If traffic remains strong after normal closing hours, you could be missing out on some sales. If traffic falls off precipitously right after you close, your hours probably are just about right.

To confirm your initial hypothesis, look at the shop's last-hour-of-the-day activity. If you're busy right up to closing and often have to let a customer in as you are locking the door, the odds are in favor of adding an hour.

One way to check? Try staying open an extra hour for a few weeks without advertising the change. Are people stopping in once they see your lights are still on? If so, that's strong evidence that staying open an hour later is the way to go.

Once you decide to extend the shop's hours, track the new sales you generate. How many extra dollars are you bringing in?

## 3 OTHER FACTORS TO CONSIDER

### 1. Reliable Employees

To manage extended hours effectively, you'll need to have one or more dependable employees available to cover those hours.

These won't be minimum-wage workers. You'll need people who have good customer skills and design ability.

### 2. Employee Safety

Depending upon your neighborhood, this may be a critical issue. In many communities, leaving one employee alone at night presents an inviting target. In those cases, at least two workers will be required. There's safety in numbers.

Also, make sure you have a system so that employees won't have to walk alone to their cars in the dark.

### 3. Competition

A final factor to consider is your competition. What hours are they open? Have you driven by to see how busy they are during their last hour?

What competing shops are experiencing is a good indication of what you probably will encounter if you match their hours.

Be patient. You probably will need at least a month before you have good, reliable data. It will take some time for customers to catch on.

Analyzing customer counts, tracking sales volume and testing the return on your shop's hours is well worth the effort. If you do it right, you'll be able to add profitable sales or cut unnecessary expenses.

If you save (or net) just \$10 per day, 6 days per week, that will amount to an annual gain of \$3,120. Certainly enough to make a real difference to your bottom line. 🌸





# Dealing with Absenteeism

## Carrots, Sticks ...

**A**ny way you slice it, unexpected absenteeism will cost you time, money or both. Fortunately, there are several ways to address and correct the problem. Some are proactive, some reactive and some a combination of both.

### CARROTS

Many managers get the best from their staff by rewarding employees who do things right.

The good news for cash-strapped employers? Rewards don't always have to be cash. Time and time again, surveys have shown that money is not always the most desired reward for a job well done. Often, recognition among one's peers is even more important.

For example, consider setting up an "award board" on one wall of your shop. Feature photographs of employees who have performed their jobs faithfully and well.

Or give noncash awards, such as restaurant gift certificates, short-term health club memberships, or certificates for manicures, pedicures or massages to pamper employees who play by the attendance rules.

If you aren't sure what will motivate your employees, ask. You might be surprised how simple and inexpensive their desired rewards are.

Beware the "perfect attendance" trap, however. Requiring 100% attendance to

earn rewards may cause sick employees to come in when they should be home getting well instead of spreading what they have to other employees. A 100% reward policy can also burst the morale of parents of young children, caretakers of elderly relatives and other employees whose occasional absenteeism is a necessary part of life.

**If you aren't sure what will motivate your employees, ask. You might be surprised by how simple and inexpensive their desired rewards are.**

Set standards that allow for limited time off when necessary.

Never underestimate the power of a pat on the back and a thank you for a job well done. For many employees, recognition means more than any other prize could.

### STICKS

Traditionally, managers have imposed punishment for excessive absenteeism. Sometimes that's exactly the right approach to take. Especially when one or two employees have crossed the line from reasonable absences to flagrant violations of your shop's attendance policy.

Appropriate sanctions for repeat offenders range from a one-on-one

discussion to a written reprimand to dismissal, most likely in that order.

Decide how you will deal with absenteeism and what order your corrective steps will take. Incorporate the steps into your employee manual, and make sure that everyone reads and understands the rules.

Then, when violations occur, deal with them strictly by the book. Document each step and keep copies of these documents in the employee's file.

You'll find yourself better protected should a question – or lawsuit – crop up later.

Keep in mind that the stick approach to dealing with absenteeism should only be used once a firm but fair leave policy is in place. Even then, you'll want to remain open to dealing with special cases, such as maternity leave and catastrophic illness.

### ADDITIONAL STRATEGIES

Think about other measures that might help address problem absenteeism.

Develop a set of strategies – in advance – for dealing with routine absenteeism. One strategy, for example: An informal "debriefing" after an employee has been absent. Let him or her know what happened during the absence, including who stepped in and covered the work that needed to be done. The point is not to lay on guilt but to remind employees that business goes on while they are away.

Another idea: Place a call to all employees who phone in sick. Not so much to check up on them as to let them know you care how they are feeling.

Your aim with these policies is threefold. First, to provide a gentle reminder that an employee's absence does affect the other staff left to carry on. Second, to let employees know that they are important people – both personally and professionally. Third, and most importantly, to nip absenteeism in the bud – long before a "stick" is ever needed.

# FINANCE CHARGES— INSPIRING CUSTOMERS TO PAY

**F**inance charges may not help you collect more of your past-due house accounts. But they are likely to help you collect your accounts a little sooner.

## PARAMETERS

Most house accounts are set up with formal or informal credit limits. A customer can continue to charge to the account as long as the outstanding balance doesn't exceed the credit limit and the account is kept current.

If an account has crept over its limit or there has been no payment activity for a set period of time, finance charges may be levied.

Usually, the billing cycle begins at 30 days past due. The customer is charged a set amount of interest on the outstanding balance. For example, a monthly rate of 1.5%, or 18% annually.

Even at 18% on a \$150 balance, you're only talking about \$2.25 in interest. But making new money is not the point of finance charges. The point is to bring in money you already are due.

## REBILLING CHARGES

Some florists prefer to have a set rebilling charge, say \$2.00, rather than an interest charge because the interest charge is not enough to cover the cost of rebilling. For example, a \$50 amount due will only be charged 75¢ with a 1.5% interest charge. That's hardly enough to cover the cost of the statement, envelope and postage, not to mention the time to process the billing.

## MOTIVATION

Finance or rebilling charges provide an impetus for customers to pay. Most customers would be embarrassed to receive a finance charge – or at least

feel annoyed at themselves for letting a bill slip by. That's why charges work so well at speeding the payment process.

But you must still know when to cut your losses. It's not worth the stamp if you've been pursuing payment on a \$35 past-due account for a year. Write it off to bad debt and move on.

## LEGALITIES

Make sure you are not breaking any laws in the way you set up your finance charge program. The federal government and some state governments have regulations regarding finance charges. If you plan to start your own finance program, first consult with your accountant.

**Rates.** How much of a finance or rebilling charge can you impose? There are two types of finance charge rates: periodic and annual. The periodic rate is the charge imposed during a normal billing cycle, usually a month. The annual rate is the periodic rate times the number of periods in a year. A periodic rate of 1.5% a month translates into an annual rate of 18%.

Each state has a limit on the maximum rate that you can charge. Some

states also regulate the amount of a rebilling charge.

**Disclosures.** It's important to inform customers of your shop's credit program in advance. Tell them (a) when you bill, (b) how the finance or rebilling charge is calculated, and (c) what your periodic and annual rates are before the first credit transaction. Also include a summary of this information, along with the outstanding balance and the exact dollar amount of the finance charge, on statements or invoices you send to them.

You must also give customers advance notice if you make any changes in the terms of your credit program.

## END RESULT

Although it might appear that applying finance or rebilling charges will require some extra work, in reality with today's point-of-sale systems, it is easy and automatic once it is set up.

Finance and rebilling charges do earn their keep. They demonstrate that you are a professional business person who takes getting paid – and getting paid on time – seriously. 🌸

## FAMOUS FINANCIAL WORDS

"Just pretending to be rich keeps some people poor."  
—Anonymous

"It seems a little ridiculous now, but this country  
was originally founded as a protest against taxation."  
—Anonymous

"Most self-made men are smart enough to employ college  
professors to train their sons." —Anonymous

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## NORMS

### STANDARD DELIVERY



# I N Q U I R I E S   &   A N S W E R S LETTERS

## WEDDING FLOWER BUDGET PERCENTAGE

*"How many flowers will the average wedding use?"*

**It depends.**



Since weddings vary so much in size, there really is no average number that has much meaning. It's better to look at a budget guideline. Perhaps 10% to 12% of the total budget can reasonably be expected to go to flowers. So, the important piece of information you need to get from your prospective bride is the total budget for the wedding. You might say something like, "Most brides want their flowers to make

a proportional statement along with everything else they are doing. Generally, 10% to 12% of the total budget is a good target for flowers. How much have you budgeted for your wedding?"

That statement puts everything in perspective for the bride and tells her why you are asking the question. Of course, the information, once shared, should remain confidential.

## ROADSIDE VENDORS

*"What's the best way to deal with roadside vendors?  
Is there any way to get them out of the picture?"*

**Don't spend a lot of time.**

The most important aspect of competing with roadside vendors is to remember that you really don't compete. You're in a different business than they are. Generally speaking, if you are spending time trying to figure out how to stop a competitor instead of figuring out how you can be more effective, you are barking up the wrong tree. These vendors don't do weddings, special events, sympathy, delivery or anything that requires service or design skills (i.e., no special-occasion work).

Occasionally, there will be local laws that you can ask the local authorities to enforce. However, remember this is your last and least effective way to handle the problem. Roadside vendors can't do what you do, focus on the unique products and services you offer.

**A**s the costs of operating vehicles go up and employees' wages (and related personnel costs) continue to rise, the average local delivery cost has risen to \$6.00 for many florists and much higher for others. If you haven't adjusted your local delivery rates recently, you should take the time to evaluate them carefully in light of your costs.

Ten dollars is the standard delivery amount on Teleflora orders. It reflects the general trend of what retail florists across the country are charging for their local standard deliveries.

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