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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”?

When you slip into that mode, change your thinking to, “This is a great place to work *because of* the employees and customers.”

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

Work should be fun, not drudgery.



2 Motivate Your Employees

No employee works to help you make more money. Employees work to earn more money, rewards and opportunities for themselves.

Find out what each of your employees wants. Then help them get it. In the process, you'll gain a truly motivated team.



3 Leadership

Leadership is not the same as managing. There are many good managers in the world but not nearly as many good leaders.

Good managers maintain the status quo. They're efficient. They're effective. And, organizationally speaking, they're boring.

As a leader, communicating vision is one of your most important jobs: Where you are going—and how you will get there. Communicate that vision every day.

WHAT'S YOUR PURPOSE?



Your *purpose* is higher than your goals. In fact, you set goals to achieve a higher purpose.

The purpose of some people in the floral industry is to accumu-

late wealth. For others, purpose has to do with achievement.

At ServiceMaster's headquarters, the company's purpose is etched on a marble wall:

- To honor God in all we do;
- To help people develop;
- To pursue excellence;
- To grow profitably.

That's a strong statement of purpose. It encompasses more than the buying and selling of services. It goes beyond making money.

Some people might question the appropriateness of such a purpose for a public company—especially the part about God.

However, a purpose statement like ServiceMaster's puts the workplace on a higher plane. It creates the framework within which both employees and customers will be treated.

Purpose adds excitement. Purpose adds value. Purpose adds significance to even ordinary chores.

Have you defined your purpose? Do your employees and/or customers know what it is?

If you have determined your purpose, share it. If you haven't, take the time to do so. It will add a whole new dimension to your life and your workplace.

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WHY CUSTOMERS DON'T PAY



When a customer doesn't pay a bill, you can take several steps to get your money. Those techniques are covered in the page 4 article, "Controlling Bad Debt." However, before you apply pressure, take time to uncover the reason for the late payment.

The problem may be something simple you can correct quickly. Or it may be quite complicated. Until you understand the problem, you can't take appropriate action. Here are the eight most common reasons for late or non-payment.



1. Oops, I Forgot.

This is the most frequent issue. The customer set the bill aside and then forgot it. No ill will is involved. Just plain old carelessness. A simple reminder will clear up the situation.

Many florists do not like to call customers as soon as their accounts go past due. They don't want to appear too heavy-handed. They prefer to send one more statement to see if that will take care of the problem.

There is nothing wrong with this practice. However, don't wait more than 10 days after a reminder statement before taking additional action. Ten days is plenty of time for the mail to turn around. If you don't have your payment by then, something else is probably to blame.

2. Product Not Satisfactory.

There are several variations on this theme.

Maybe the customer did not need or use the arrangement as expected. That is not your fault, but it may become an excuse to not pay or pay late.

Maybe the product was not what the customer expected. Whatever the source of the communication problem, the incentive to not pay on time is obvious.

Perhaps the customer thinks the price was too high. The perceived value was less than the price. The customer is tempted to cut the payment to match the value.

The arrangement might have been oversold. Inexperienced salespeople often are guilty of overselling. To make a sale, they promise more than the product can deliver. Expectations are set too high. Ultimately, the customer is disappointed.

Resolving this type of issue requires a phone call.

Begin the call with a question designed to uncover the problem. "Is there a reason for your non-payment that I can help resolve?"

Once you hear the customer's response, you can determine what needs to be done. If the complaint is legitimate, be prepared to offer a replacement or lower the price.

Remember, in the retail business, the customer is king. A dissatisfied



Knowing Why May Lead to Resolution

customer probably will tell at least 10 friends about your “disappointing” service. Some of those friends will tell others. A problem with one unhappy customer can multiply quickly. In the age of email and social media, the story of a customer’s unhappiness can reach hundreds of others in hours.

Don't wait more than 10 days after a reminder statement before taking additional action.

If there is any doubt, resolve the problem in the customer’s favor. The “100% satisfaction guaranteed” concept works. Very few people will take advantage of you. In fact, when you make a complicated situation right, you often will gain a loyal customer.

3. An Unresolved Problem.

Perhaps the order was never delivered. Or it was lost at the receiving florist. Or the customer returned the arrangement but never received credit.

These situations do happen occasionally. Whatever the reason, the solution is the same. The customer needs to be satisfied. Make the customer happy.

4. Hostility.

The bill is legitimate. But another problem lurks in the background. A

salesperson may have been rude on a recent visit. The customer is upset. Your bill is the easiest target for taking out any hostility. Not paying is an effective way to get your attention.

Only when you take the initiative to discover the reason for hostility can you resolve it and regain your customer’s favor.

5. Can't Pay.

This is the first tough one—easy to understand, but hard to accept.

Some people have every intention of paying when they charge a purchase. But circumstances change. When the bill arrives, they have no money. It’s embarrassing to admit. After several promises to pay have been broken, the truth comes out.

The solution? Set up a payment plan. Work with them. Find a schedule that is good for both of you. If they say they would rather wait until they can pay the whole bill, you may have a more serious problem. They may be stalling and not acting in good faith.

6. Too Many Other Bills.

This is a slightly different version of the “can’t pay” scenario. The customer is overextended. His income may have fallen or his obligations increased.

The solution is the same. Set up a payment plan that accommodates his income level. Be helpful and encouraging. There’s no sense making him mad at this point. A courteous approach increases your chances of payment.

7. No Payment Was Ever Intended.

The customer received the statement. It is correct. But she never intended to pay. Some customers realize businesses may not bother to collect small bills if it is not economical to do so. More sophisticated techniques are required with these shrewd and dishonest customers. Consult the collection techniques in the article on page 4.

8. Using Your Cash.

This is a common problem with commercial accounts. The customer is delaying payment as a cash management strategy. They know they can ride the bill for 60 to 90 days without paying a finance charge. So, they do.

It’s not fair, but it happens all the time. Once again, sound collection techniques are required to prompt the customer to pay. See page 4.

IT'S UP TO YOU

Determining why a customer is not paying will move you a long way toward solving the problem.

Until you know the category into which a particular late account falls, you’re in a risky position. You might needlessly offend a good customer who is about to pay. Or you might incorrectly handle with kid gloves someone who needs some serious pressure.

Make the necessary inquiries. Only when you understand the problem will you know which collection techniques are appropriate. 🧠





Our society runs on credit. The government consistently spends far more than it collects in taxes. At one time or another, almost all consumers have as well. People buy things before they have the money to pay for them.

In addition to the temptation to buy now and pay later, there is the convenience of credit. People appreciate the ease of being billed for a purchase instead of having to pay cash. Credit is especially important to commercial accounts. Many businesses won't work with you unless you offer credit and bill them.

Offering credit is almost a necessity in the floral industry because so much of your business comes in over the telephone. Those sales have to be charged. One way or another.

That's how receivables come about.

The problem is that some customers don't pay when the bill is due. They may have overextended themselves. Or fallen upon bad times. Worst of all, a few may never have intended to pay.

Fortunately, retail florists have far fewer bad debts than other industries. This is probably because flower purchasing is a very personal business.

If you deliver the product to a recipient who is other than the buyer, it would be fairly easy to track down the purchaser, even if he or she had moved. A quick phone call to the recipient would probably do the trick.

However, for those few accounts that do turn sour, you need to be ready. The proper precautions will help minimize your losses.

Two rules should be your guide.

Rule 1: The older a past-due amount, the harder it is to collect.

Rule 2: Formerly good customers who owe you money often will avoid you and do business with a competitor.

These rules suggest why it is so important to keep accounts current. The longer an account goes without being collected, the greater the likelihood it will have to be written off as a bad debt—and the less likely you will get any future business from that customer.



TYPES OF ACCOUNTS

Flower shops have two basic types of accounts—retail and commercial.

Commercial customers tend to make more and larger purchases. They usually are impersonal in their relationship with the shop. They typically want to charge purchases and receive a monthly statement. Many have a policy of stretching payables beyond 30 days, a policy for which they make no apologies.

Despite these frustrations, commercial accounts represent a large volume of business. If you want to keep their business, you need to handle them properly.

Retail accounts (individuals) tend to make fewer and smaller purchases. You probably have a personal relationship with many of them. They are easier to find and talk to when a problem arises. You may have 10 or 20 times as many individual customers as business customers. That's a lot of people to take care of.

Commercial and retail customers need to be managed differently.

Commercial Accounts

A credit check is a must on commercial accounts. The business may look successful on the outside, but a credit check will tell you how they really are doing. Get a report from a credit bureau or Dun & Bradstreet. A bank reference is helpful.

You also should ask for supplier references. Just be aware that businesses typically only give references they know will be positive. You may never hear about the suppliers with which they have had problems.

A little detective work may fill in the gaps. Once you know the kinds of products they purchase, call a few likely suppliers that weren't included as references. Ask if they've had any dealings with your potential customer. See if everything checks out.

Retail Accounts

Retail customers don't need as complete a credit check. However, a few precautions are warranted. First, ask to see several credit cards. The fact that they have credit cards

indicates that some other business—usually larger and with more thorough credit-check capabilities—has found them creditworthy.

Bank-issued credit cards are helpful. Gold or platinum cards are better. The best are the T&E (travel and entertainment) cards issued by American Express, Mastercard and Diners Club. Their standards are higher.

Be sure to obtain the applicant's place of business and address. New customers who charge are your highest credit risk, so take the time to collect accurate information.

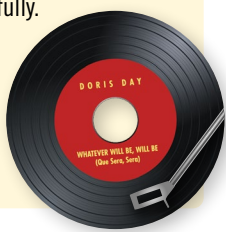
Remember, credit is a privilege, not a right. You have no obligation to extend credit. Don't grant the privilege unless you are comfortable with the customer.

Que Será, Será!

Whatever will be, will be.

Doris Day's 1956 song reflects the operating procedure for some floral retailers. They extend credit to anyone who has a credit card. Further checking, they think, isn't worth the time or trouble.

Most of the customers will pay. If they don't, the store can cancel the account. In the long run, they figure they lose less in bad debts than they would by taking the time to check everything out carefully. Although this may sound a little loose, it's pragmatic and works well for many florists.



AGING

To keep good customers as good customers, you need to know when accounts go past due. Aging your accounts receivable is a must.

Today's accounting software programs handle this task quite nicely. If you don't have a system that can age accounts for you, review every ledger card each month. Flag those that are late so you can take the necessary follow-up action.

COLLECTION TECHNIQUES

Four types of collection techniques can be used for the tougher accounts that are unresponsive.

1. Mail or Email

Your statement is the first mail collection piece. It reminds the customer of the past-due balance. However, this is not enough for difficult customers.

Follow up with a letter if a check does not arrive within 10 days or two weeks. This first letter should be cordial in tone. Give the customer the benefit of the doubt. "You may have overlooked this payment..." might be an appropriate phrase.

Ask for a response—some action that shows good faith and will move the situation toward a resolution. If action is not forthcoming, follow up with an additional statement and tougher letters. The tone should be increasingly stern. The first letter reminds. The second letter requests. The third letter demands.

Give your letters a professional look. Preferably, each should be on letterhead. A good computer billing system can generate your letters. Each successive letter should have different copy and look a little different than the previous one(s). Repetitive, lookalike letters probably will get thrown in the trash.

2. Telephone

A telephone conversation is better than a letter. However, by itself, a call can fall on deaf ears. Make a log of each call and document exactly what was said. Your goal should be to come out of the call with the customer's agreement on a specific plan. For example, "I'll mail the check tomorrow" or "You'll have your money next week."

If the time passes without the agreed-upon action taking place, call again. Immediately. Remind the customer of what he promised. Try to get a sense of whether he is playing straight or playing around. Again, gain agreement on a new course of action.

3. Telephone & Mail

This is a better solution than either #1 or #2 alone. Start with a telephone call. Follow up with a letter that outlines what was agreed. Use the customer's exact words in the letter, if possible. If the customer doesn't live up to her promises, follow

immediately with another call. And another follow-up letter. Let them know you are serious.

4. Collection Agency

If all other efforts have failed, turn the account over to a collection agency. Set and follow a rule that when an account hits 90 or 120 days, it immediately is given to an agency.

What will the collection agency do differently? Not much. But they will appear more threatening. And they will approach the situation strictly from a business standpoint.

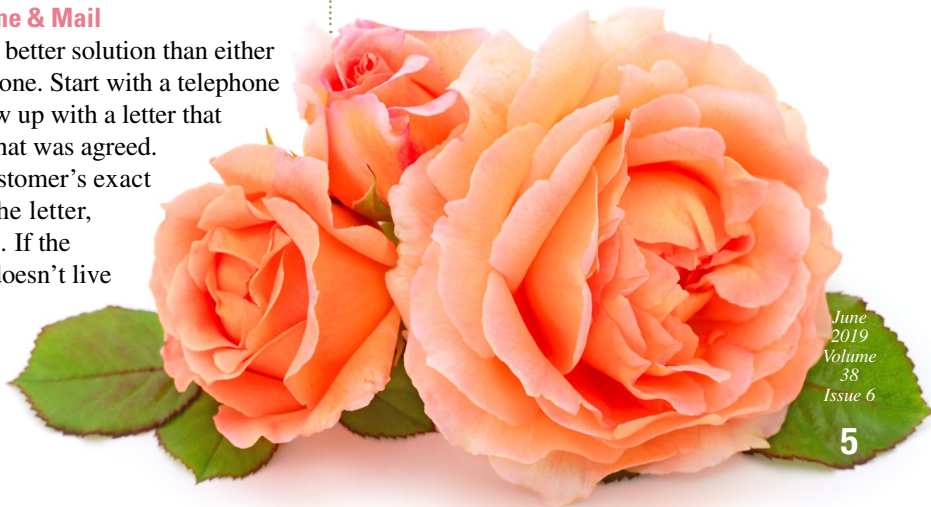
**Credit is a privilege,
not a right. You have no
obligation to extend credit.**

The agency will put in exactly as much effort as the potential return justifies. And not one minute more. It won't waste additional energy once it determines the collection effort will cost more than it is worth.

Because you are emotionally involved in the situation, you are potentially less logical. You might waste valuable time and money when it is uneconomical to do so.

Write off bad debts as soon as you turn them over to a collection agency. By that point, you are out of ideas for collecting your money. The financially prudent step is to write the receivable off to a profit and loss statement account called "bad debt expense."

If the collection agency collects any of the balance due, credit (–) whatever you receive (gross collected amount minus the agency's fee) against your bad debt account. 🌸





A Meaningful Benefit

Employee Discounts

No, you can't pay entry-level workers the highest wages in town. Other employers can offer more attractive compensation packages to workers you would like to have on staff.

But there's one benefit those other employers can't offer: discounts on floral purchases. To a flower lover, that's a tremendous advantage. Especially when coupled with the opportunity to work in a lovely, floral-centric setting.

A strong discount package also will reduce the temptation some employees may feel to help themselves to the beautiful products they work around every day.

From the employer's perspective, the question with discounts is more "how" than "why." The advantages are easy to see. How to structure the program may be less clear.

A well-balanced program—one that gives the desired benefit without costing too much—requires tight controls and procedures.

HOW MUCH?

Employee discounts typically range between 20% and 50%.

The basic rule is that you should never give a discount greater than your cost in the product.

If you decide to offer a 50% discount on cash-and-carry items, should you give the same 50% off on an employee's wedding? Of course not.

Labor-intensive services must be treated differently. You can't give away a big chunk of time the same way you can give away a few flowers. A

full discount on a highly serviced job would significantly undermine your profitability.

If you offer a 40% or 50% discount on flowers, perhaps a 15% or 20% discount on an employee's wedding would be reasonable. The employee gets a great deal, but you still make a little profit.

In shops that price product and labor separately, there's another possible solution: different discounts on each component. A higher discount on the flowers, a lower discount on the labor.

ADMINISTRATION

You also want a program that is easy to work, easy to understand and easy to manage.

Making individual discount decisions on every product and service would be an administrative nightmare. A couple of tiers should be enough.

To make certain everyone understands your discount policies, circulate a written summary to all employees in advance.

This will eliminate uncomfortable questions and misunderstandings later on. You don't want to disrupt a bride's finances by telling her just before the wedding day that the discount she thought she was getting doesn't apply.

TOO LITTLE, TOO LATE

The quantity you buy is another consideration.

The danger here is that employees will snatch up all or most of a limited purchase on an especially attractive gift or flower. Customers who want the item and are willing to pay full price will have to be turned away.

You should never give a discount greater than your cost in the product.

This is an especially big concern on new gift products. You may buy 10 or 12 of a special item but end up with only a couple to put on the shelf.

As much as you want to help the employees, you can't cut into your own business. It's the customers who pay the bills.

One simple safeguard will shield you from this trap: Give paying customers the first crack at items on which you order a limited quantity. Defer discounted employee purchases on the item for three or four weeks.

Of course, if the employees know in advance that you are placing an order, you could allow them to request that an extra item be added to your purchase quantity. Under that scenario, they could make their discounted purchase as soon as the shipment arrives. 🌿

EMPLOYEE DISCOUNT HOW-TOS

Financial control of employee discounts begins at your POS (point-of-sale) system. It's a good idea to require that any employee taking a discount have it rung up by someone else. This will be an important safeguard against fraud or theft.

How do you account for discounted sales to employees? The most important rule is to remember that all such sales should be rung up at full value. A \$40.00 arrangement sold for \$20.00 to a designer goes in as a \$40.00 sale paid as \$20.00 in cash (or charge) and \$20.00 in discount.

If you ring it up as a \$20.00 sale, you'll find your cost of goods sold (COGS) percentages becoming distorted over time. And an accurate picture of arrangements COGS is absolutely essential for sound financial control.

CASH OR CHARGE

The only other major decision you have to answer is how you will require payment on discounted sales.

The easiest policy is to request that all employees pay cash at the time of the sale. The employee makes a selection. A co-worker calculates the discount, rings up the sale and takes the money.

Although this method eliminates collection problems nicely, you may not be comfortable with it. You may want to extend employees the same convenience you give customers: a house account.

What you can't allow is an employee letting his or her balance drag on for 30, 60 or 90 days. *Floral Finance* suggests that a discount apply only to employee purchases that are paid in a timely manner. If they pay within 30 days, they can take the dis-

count. If they pay after 30 days, they have to pay the full retail price.

Another problem with house accounts for employees is the employee who leaves the shop with a balance still outstanding. If you take the amount

Your attorney should be able to tell you the law in your state.

YOU'RE AN EMPLOYEE, TOO

The standard you set for everyone else is the standard you should follow yourself.

When you are regularly raiding the cooler without going through the same procedures the other employees are expected to follow, you'll quickly see your program begin to unravel.

The rest of the crew will feel like second-class citizens. Or they will subconsciously come to believe that you really aren't that serious about the discount policies. After all, if you were, wouldn't you be following the procedures yourself?

Set a good example. When you are going to take some flowers, have someone else ring it up. Pay the discounted price. If you comply, other employees won't have a reason to think they are exempt. 🌸

EMPLOYEE DISCOUNT SUMMARY

1. Provide employee discounts.
2. Never give a discount greater than your markup.
3. Reduce or eliminate the discount on labor-intensive work, such as weddings.
4. On new products, have a waiting period before employees can take advantage of a discount. Give customers the first chance.
5. Have another employee ring up a co-worker's discounted purchase at full retail value. Show payment as cash or charge and then give the discount.
6. Make the availability of a discount contingent upon timely payment.
7. Never take a debt out of a paycheck without legal advice and prior written approval from the employee.
8. Have your policies in writing and follow the rules yourself.

owed out of their last paycheck without a written agreement from the individual authorizing you to do so, you will be on shaky legal ground.

flowers, have someone else ring it up. Pay the discounted price. If you comply, other employees won't have a reason to think they are exempt. 🌸

FAMOUS FINANCIAL WORDS

"Most managers have no idea how much an employee's loyalty and morale can be boosted by inviting him to a meeting asking for his opinion."—Tom Haggai

"There are some who start their retirement long before they stop working."—Robert Half

"Why is it that when a store is going out of business, the store's personnel are always helpful and polite?"—Robert Half

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INQUIRIES & ANSWERS Letters

GETTING EMPLOYEES TO WORK ON WEEKENDS

"Is there a secret to getting employees to work on Saturday?"

Make it attractive.

You've got to sell them on the idea. One of the best solutions is to schedule your employees to rotate in such a way that every third or fourth week they get a three-day weekend. On the week they get Saturday and Sunday off, make sure they start the next week with Monday off.

Sometimes the most obvious solution is overlooked. Ask your employees if anyone would prefer to work Saturdays and have another day off. Many people have personal schedules which make that alternative attractive.

SACRED BUSINESS

"Is church business, good business?"

They usually expect extra service and want a discount."

I wouldn't pass it up.



Church business may not have the best margin, but it is very visible. Everyone in the church will look at your arrangements at least once during the service. A church using your shop gives a kind of implied endorsement that can be very valuable.

Many churches decorate with poinsettias during December. Go to the church and offer to handle all the mechanics of ordering and delivering their poinsettias. Have them determine how many they will need. Then

suggest they post a sign-up sheet for members to donate one or more poinsettias for the holiday season. You agree to bill each member individually for their purchase. Give them a break on the price, and offer free delivery because of the volume.

You will not only provide great service to the church but you also will introduce many new customers to your shop. They can be added to your database for future promotions.

Church business can be great business if you look at it as an opportunity rather than an imposition.

NORMS

NEWSPAPER PRINT AD DECLINE



The decrease in newspaper print ad sales from 2007 through the first quarter of 2018.

If you don't think the internet has changed things, ask someone in the newspaper business. Traditional print advertising is taking it on the chin as more and more retailers move to the internet to spend their advertising dollars.

How have your advertising dollar allocations changed? Newspaper advertising can still be valuable for the florist, but most florists put the largest portion of their dollars into their websites.

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