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QuickTakes

*Ideas You Can Put
to Work Immediately*

1 Negative Reviews

Unless you're firing someone, don't give bad news on a Friday or before an employee leaves on vacation.

Give negative reviews in the middle of the week. The employee won't have a lot of time off to stew about it. The two of you can immediately work on improvements to turn the negatives into positives.

2 Early Bird

Managers often stay late at work to "get caught up." That really might not be the best option. You might be physically and mentally drained. You may not be at your best. Your tasks may take longer.

Coming in early may be more productive. It's quiet. You can focus. There are no interruptions. You should be able to check off several items on your to-do list before the shop even opens.

3 Epitaph

What do you want to be remembered for? Augustine said the answer to that question is the beginning of adulthood.

Deciding what you want your legacy to be will bring focus and purpose to your everyday life. Of course, you can reignite your legacy at any time in life.

The "daily" happens within the context of the big picture.

DIFFICULTIES



Most people dream of a trouble-free, worry-free life. Similarly, parents want to protect their children from poor choices and difficult experiences.

On the surface, these goals would seem to be laudable. In reality, they are recipes for slower personal growth and less successful, less fulfilling lives.

If you break open the egg of a young bird that is trying to hatch or open the cocoon for an emerging butterfly, the bird or butterfly will die. They need to experience the struggle of breaking free.

Think of how much you have been enriched by your own challenges. Through effort, we learn perseverance. Through failure, we learn how to choose better paths. Through overcoming, we develop strong character traits.

Who would want to deny those results to themselves or their children?

Besides, no one can avoid hardship. Difficult times are a part of life. Do you know anyone who has had a problem-free life? I certainly don't.

As is so often said, "Life is a journey, not a destination." The route will include some smooth roads and pleasant scenery. It also will have at least a few jarring potholes.

So, our goal should not be to protect or shield ourselves or our children from problems. Instead, work to build the strength and perseverance needed to conquer adversity. That's the path to more fulfilling, more complete life experiences.

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On the cover: Teleflora's
Marvelous Mosaic Bouquet



Suppose you unknowingly hire a driver with a drinking problem. On the way back to the shop after making deliveries, he has an accident. A bad one. The police charge him with a DUI. The other driver immediately sues your shop.

An extreme case? Probably, but it could happen. In fact, it has happened.

Most retail florists are trusting souls. They take job applicants at their word. Pre-employment screening involves a one-page employment application and a brief interview. Maybe a couple of phone calls to references. That's it.

You may get lucky. But why take the chance? You should screen your employees more carefully. Especially when hiring drivers.

NO GREATER DUTY

Drivers hold a position of great trust. You are putting them on the road in your vehicles. Even more importantly, they enter sacred territory—your customers' front doors and offices.

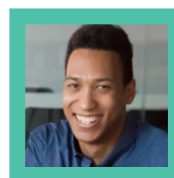
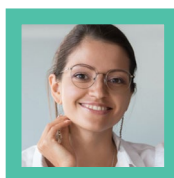
Delivery personnel must be beyond reproach. Sending out drivers of the highest integrity and professionalism is your moral obligation. And, from a purely practical

standpoint, it's just good business.

Take our example of the drinking driver. Suppose he had a history of repeated DUI convictions. Furthermore, suppose his license was suspended at the time he was hired.

You could have discovered all these facts. Easily and inexpensively. But if you didn't bother to check, you could face a legal action for negligent hiring.

You have to know who you are hiring before you hire them.





How Much Can You Trust?

A LITTLE EFFORT

Now for the good news.

Checking an applicant's driving history is as easy as it is important.

Each state maintains records on its drivers. These records are normally available at a nominal cost for employment screening purposes. The state wants to keep bad drivers off the road.

THE MVR

State driving records are often called MVRs, short for "motor vehicle reports." The typical MVR supplies two types of information.

First, the MVR reveals the personal data on the subject's driver's license: full name, date of birth, physical description, address, the type of license issued and any restrictions on its use. Some states also list other states' licenses that were surrendered at the time of application.

Second, the MVR lists traffic and safety violations with which the

subject has been charged, along with any suspended, revoked or lapsed licenses.

VALUABLE DATA

The personal data and the driving history provide valuable employment screening information.

The usefulness of the applicant's driving record is obvious. A series of DUI charges may reveal a pattern of substance abuse that would disqualify someone for a driving-related position.

Same result for documented recklessness behind the wheel. Some driver applicants can be eliminated on the basis of this report alone.

Similarly, the identification information in the MVR also has surprising value to identify candidates with clean records.

It is an easy, inexpensive way to verify personal data in the employment application.

Use the MVR to confirm the applicant's date of birth and make sure she has a valid license of the kind your state

requires for delivery personnel. The identifiers may help you catch falsified or erroneous job applications.

In addition, a previously undisclosed state of residence may emerge—another state whose records you should check to get a full picture of the applicant's driving record.

TRUST, BUT VERIFY

Remember, every employment application has a critical weakness. The applicant controls what the employer learns. Completely.

He may tell you the truth. If so, there's no problem.

Unfortunately, the applicant may supply incorrect, incomplete or misleading information. If an applicant is less than candid, your ability to conduct a meaningful evaluation is more challenging.

Trust is a wonderful thing. It makes an employer-employee relationship much smoother and more productive.

The MVR doesn't discourage trust. On the contrary, it enhances trust. If everything on a delivery applicant's MVR checks out, your confidence in that person will increase.

You will have a firm foundation for a positive employment relationship. You won't have to wonder whether the driver is being straight with you.

GETTING STARTED

In the U.S., each state has its own procedures for releasing MVRs. Fifty state offices. Fifty different systems.

You may not have to learn the procedures for all 50 states, but the U.S. is an extremely mobile society. You



Sending out drivers of the highest integrity and professionalism is your moral obligation.

are probably seeing applicants from neighboring and even distant states.

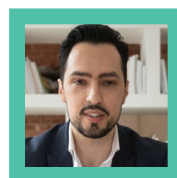
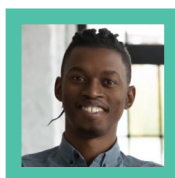
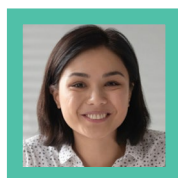
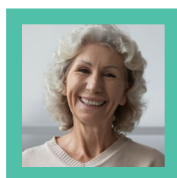
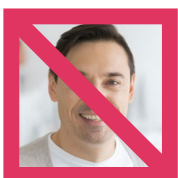
When an applicant is fairly new to your area, check his driving record in any previous states of residence. The more you learn, the better off you'll be.

Just do an online search for each state's department of motor vehicles. Almost all states offer online MVR requests or provide downloadable forms.

Or call the department of motor vehicles for each state you want to check. Ask about their MVR procedures for employment screening purposes. Have them send you any helpful literature or forms.

It couldn't be easier.

Don't let a dangerous background issue slip by you. Screen all of your driver applicants carefully. MVRs can remove much of the guesswork from your hiring decisions. 🚗





How to Manage Right-Brained Designers

A Delicate Balance

Out-of-control cost of goods sold (COGS) for arrangements can destroy your profitability. The typical cause of this problem? Designers putting more flowers into arrangements than the pricing formula allows.

Floral Finance recommends that COGS (cost of fresh flowers and greens only) for arrangements not exceed 25% of the arrangement's retail price. The most profitable shops keep it under 22%.

Managing the design process effectively is one of a flower shop owner's most important financial responsibilities.

Designers want their finished products to look beautiful—forget the cost. Unfortunately, that attitude won't produce the owner's desired bottom-line results.

Consequently, financial performance often boils down to one big question: "How can a left-brained manager control right-brained designers?"

THE MECHANICS

The brain is divided into left and right hemispheres. A narrow bridge of nerve fibers connects these hemispheres.

The way the two sides function and relate was long a mystery to the medical world. The first clues came from studying a group of patients being treated for epilepsy.

The treatment for one particularly difficult form of this disease required severing the bridge between the right and left hemispheres.

Outwardly, patients who had undergone this procedure still appeared normal. However, landmark experiments soon showed that the two halves of the brain were doing different tasks. The lack of a connection between the two lobes made it easier to locate which activities were controlled by each hemisphere.

Left Brain

Generally speaking, the left brain is where routine and explicit functions are carried out. For example, giving or receiving directions is a left-brained task.

You can't drive a car down the road and stay in the proper lane without the left brain. You can't file your income tax return without it.

Whatever is logical, definitive and ordered finds its origin on the left side.

The more technological our society has become, the more dominant the left brain.



Consider contests to entice the designers to create appealing and profitable specials. Jazz it up. Make it fun.

Right Brain

Here lies creativity.

The right brain is visually inspired and innovative. It is holistic, daring and visionary. It resists rules and regulations.

Creativity comes from the right side. Hence, the feeling by our left-brain-dominated society that creative people are different or unusual.

Right-brained people are different. More of their actions are controlled by the right brain. Creativity. Innovation. A visual orientation. All the traits that make floral designers so talented come from the right brain.



So, how does an owner who is thinking logically best manage a designer who thinks creatively and resists rules?

THE REALITY

The starting point is recognizing that the brain's two hemispheres work together. They are not separately operating command centers. They interact all the time. Both are essential to almost any activity.

Some examples may help.

Language

The left brain understands syntax, grammar, vocabulary and sentence structure. The right does not.

People who have strokes or injuries on the left side of their brain often will have difficulty speaking and communicating.

However, the right brain also plays a role in communication. That side interprets emotion and intonation. These subtle aspects of communication are just as important as the words themselves.

So, getting the full impact and meaning in a book or conversation involves both halves of the brain.

Music

A composer uses her right brain in the creative process. However, the left brain allows her to translate a tune to notes on the page.

When you listen to music, the right brain is much better at distinguishing chords. The left brain is



better at distinguishing which note came first.

Once again, both sides are involved.

Writing

The creative aspect of writing comes from the right side of the brain. The concept of the story, the emotional interplay, intrigue between characters—all start in the right brain.

The left brain puts the ideas on paper. Words. Sentence structure. Organization.

The brain's two hemispheres interact all the time. Both are essential to almost any activity.



PERSPECTIVE

The left brain is logical and verbal. The right brain is visual and creative. However, you can't function effectively without both halves working together.

Right-brained employees do not want to be burdened with detailed procedures.

And that's a problem. The manager's job is to create structure that will produce a profitable business.

The manager is correct in thinking that proper controls produce profit. The designer is equally correct in believing that creative freedom is necessary

to fulfill customers' desires.

Bringing the two together is the challenge.

The first point to recognize is that in our technological society, almost everyone is left-brain-dominant. Even creative designers.

Second, none of us uses more than 10% of our brain's potential. We all have plenty of room to learn and grow. This should be good news

to the left-brained manager. Designers do have a left brain. They can follow procedures. And they can grow. Ultimately, a profitable business will require rules and procedures. Everyone must follow this guidance for the good of the profitability of the shop.

However, demanding adherence won't work. The manager might get conformity; he won't get cooperation or happiness.

SENSITIVITY

Everyone wants to be treated with understanding and respect.

If designers must stretch a bit to make themselves stick to the rules, it's helpful for managers to work to make those rules as simple and acceptable as possible.

Good managers also will build in intentionally creative activities to compensate for the required structure.

With a simple system and added creativity, the designers will be happier and the business will prosper.

A SIMPLE SYSTEM

The best workplace systems will help—not distract—the designers.

For example, asking designers to work with cost figures unnecessarily complicates their job.

Floral Finance recommends that designers mark every item at retail. Flowers. Containers. Special supplies (such as easels).

For custom arrangements, have the designer complete a simple design

form (or record the items used on the back of the design ticket). Calculating the retail price of every item will help the designer get the correct retail price for each piece.

Standard arrangements make the process even easier. The designers just have to follow the recipe. Fifty copies of a given design will all be the same. Even more importantly, they will all be profitable.

ADDED CREATIVITY

To compensate for the increased structure, build in opportunities for the designers to be truly creative.

All flower shops should sell their own special designs. Not just wire-order promotions. Designing these specials can be an ongoing and rewarding part of designers' jobs. They can experiment and let their creative side play.

Change house specials regularly. Rotate in new designs as you drop older ones. Create holiday and seasonal designs as the calendar dictates.

However, even on these specials, an element of control is essential. The designs must hit the desired price points.

Consider contests to entice the designers to create appealing and profitable specials. Jazz it up. Make it fun. Give prizes. Feature the winning designers on social media. Give monthly and seasonal winners a prime parking place.

Designers need to understand that their jobs depend upon the shop's success. Over the long term, only a profitable shop will be able to keep them working.

BALANCE

A simple system that also allows designers to express their creativity will produce the proper balance.

Right-brained designers may see the new system as an imposition at first. Be patient. Be understanding. Be sensitive. What initially seems challenging soon will become routine.

The designers' right-brained inclinations will be satisfied. The organizational needs of the business will be met. COGS for arrangements will be kept in line. And profitability will follow. 🌻



TAXING THE INTERNET

Access vs. Purchases

As internet sales have increased, the taxation of those sales has become a big issue. Today, thousands of retail florists have websites. How internet sales are taxed is an issue every floral website must handle properly.

FEDERAL LEGISLATION

We've all read or heard that the federal government has declared the internet to be tax free.

However, it is not quite that simple.

The legislation doesn't speak to sales made on the internet. It just says no one is supposed to charge taxes for connecting to and using the internet.

Think of it like your telephone. All kinds of taxes are charged to telephone users. Line charges, equal access taxes, sales taxes, etc. Just read your next bill. You'll quickly see all the phone-related taxes you pay.

The federal legislation is meant to prohibit similar taxation of the internet.

TAXES ON PURCHASES

The fact is most states require that you collect taxes on website sales. Believe it or not.

Here's the basic rule that will keep you out of trouble:

Retailers must tax internet orders just as they would tax orders received in person or over the telephone.

A retailer that is required to collect sales tax on a locally delivered in-store or telephone order also must collect sales tax for a similar order received through a website.

And it doesn't matter where the purchaser resides.

For example, a retail florist in Oklahoma must collect local (and state) sales tax on website orders that are to be delivered locally, even when the customer lives in another state.

There is some argument concerning internet orders received from out-of-state customers that will be delivered in another state. However, the safe practice is to treat these orders the same as you would for a local customer: charge the appropriate local sales tax.

WHAT'S TAX-FREE?

Most states do not require sales taxes on in-state orders for "tangible personal property" that is delivered outside the state. (This is not true for wire orders. All states and the District of Columbia have agreed to collect taxes on wire orders at the point of sale. Incoming wire orders are tax free.)

Consequently, many people will buy products for their own use from an internet retailer in another state without paying sales tax. Many catalog sales companies and computer retailers have used this strategy to grow their businesses.

USE TAXES

Technically, many of the sales mentioned above should not be tax

free. Most states have what is called a "use tax." The use tax is meant to catch items that are purchased in another state but "used" in their state. The amount of use tax is similar to the sales tax.

As a matter of practice, however, few states pursue collecting use taxes from consumers. The cost would be prohibitive.

Large businesses, however, know full well what use taxes are. State taxing authorities frequently audit big businesses to ensure they are collecting use tax on items purchased elsewhere but used within the state.

THE MOVEMENT AFOOT

You may have heard or read about the 2018 Supreme Court decision in South Dakota vs. Wayfair. Basically, the court said states can collect sales taxes from out-of-state internet sellers that ship products into their state.

As a result, most large internet sellers now collect sales taxes, no matter where the purchaser is located. If you buy anything on Amazon or eBay, you can expect to pay sales tax. And smaller retailers increasingly are following this practice as well. 🌸

RETAIL FLORIST SALES TAX RULE

Collect state/local sales taxes on all sales except incoming wire orders, whether made on your website, in person or via the telephone.

To Deduct or Not Wage & Hour Law

Preparing your shop's payroll usually is fairly straightforward. You deduct the taxes and pay the employee the balance. However, once in a while you may not be sure whether you can legally deduct certain expenses from a paycheck.

With both state and federal laws to consider, it can get complex. Just be careful. The law is very protective of employees' earned wages.

BASIC RULES

First, you cannot deduct anything that is not explicitly allowed by law.

Second, except as outlined by law, you may not deduct an expense if doing so would reduce the employee's pay below minimum wage.

So, when in doubt, don't deduct. Pay the money to the employee.

YOU CAN DEDUCT

Keeping the basic rules in mind, here are several items you can deduct:

- **Taxes:** This includes Social Security, Medicaid, state unemployment insurance, and other federal, state, or local taxes and assessments.
- **Assignments of wages:** When an employee directs an employer to deduct money to be paid to a third party, the deduction is legal as long as the employer does not benefit from the transaction. Examples include these items:
 - Union dues
 - Savings bond purchases
 - Insurance premium payments
 - Repayment of bank or credit union loans
 - Voluntary contributions to a retirement plan



YOU CAN'T DEDUCT

And here are a couple of items you may not deduct:

- **Shortages:** Except in the cases described above, it is unlawful to deduct amounts to cover shortages in a cash register. Neither can a deduction be made for any shortage caused by a customer, whether due to a clerical error or an intentional act.
- **Debts to the employer:** Even if the employee con-

sents, payments to reduce a debt the employee owes the employer are illegal if the deduction would reduce the pay below the minimum wage.

Retail florists rarely have serious issues with wage deductions. Carefully following these rules should keep you safe.

For example, be careful about deductions for purchases an employee charged to a house account. If the deduction drops the employee's pay below minimum wage, that would be illegal. 🌸

FAMOUS FINANCIAL WORDS

"If you hear that everybody is buying a certain stock, ask who is selling." — James Dines

"Capital is that part of wealth which is devoted to obtaining further wealth." — Alfred Marshall

"A billion here, a billion there—pretty soon you're talking about real money." — Sen. Everett Dirksen

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INQUIRIES & ANSWERS Letters

PAYING YOURSELF

"A florist friend says I would make more money if I put myself on the payroll like the rest of my employees. What difference would that make?"

Maybe a lot.



Florists who put themselves on the payroll typically make more money than florists who don't.

When a florist takes a paycheck, payroll taxes are withheld and paid. At the end of the year, the florist also gets any profit the business makes. A florist who is not on the payroll "draws" money out during the year as an advance against profits.

Theoretically, the totals should be about the same. However, draws don't appear as expenses on the income statement. Consequently, the bottom line of the florist who takes a draw looks better than it really is. In contrast, a florist on the payroll records his pay as an expense. His bottom line will be that much better.

Apparently, that tighter bottom line motivates "payroll florists" to do a better job of managing their businesses. It requires more financial discipline to put yourself on the payroll. But the rewards are worth the effort.

NOT PAYING YOURSELF

"I am always short on cash. What am I doing wrong?"

You might be paying yourself too much.

It sounds harsh, especially if you're not making much money. However, small businesses often run short of cash because the owners don't discipline themselves to build their reserves. If you can keep your salary down until you have enough cash to get through a flower shop's seasonal cash fluctuations, your life will be a lot less stressful.

Of course, this assumes you are managing the shop well. If you aren't watching your COGS or are keeping too many employees on the payroll, your shop probably won't make a decent profit. At least not enough to pay you a reasonable wage.

Profitability is the answer to most financial woes. If you're managing well and have the discipline to keep your compensation low for a while, your cash reserves should grow. And future cash management will be a lot easier.

NORMS

SMALL EXPENSES



This is the total of all other expenses after cost of goods sold, payroll and facilities expenses.

In other words, all the other expenses in a retail flower shop don't add up to much compared to the big three, which by and large determine profitability.

These other expenses include advertising, vehicle expenses, accounting, supplies, general insurance, telephones and a host of other small items. A lot to look at and monitor, but not too significant when it comes to the bottom line.

Yes, manage these small expenses to keep them as low as possible, but if you really want to impact profitability, work on the big three.

FLORAL FINANCE is published 12 times a year by Teleflora LLC

Annual subscription rate is \$89.95 domestic and \$129.00 (Canadian) in Canada.

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