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## QUICKTAKES

*Ideas You Can Put  
to Work Immediately*

### 1 Think Gray

Finding good people to hire is always a challenge. One solution that works for many retailers? Hire older workers.

Older workers generally have a good work ethic and plenty of experience. Many also need part-time work to supplement their retirement.

Help them. Help yourself.

### 2 Idea Sources

Fresh ideas often come from outside of the industry. Insiders may not see the advantages of doing things differently.

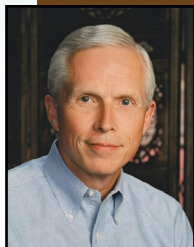
It took someone from outside the copy industry to realize the need for a 24-hour copy center. Students didn't need copies; they wanted help producing "better papers" late at night. Kinko's was born.

Keep your eyes open. Look at other retailers for fresh ideas.

### 3 The Perfect Match

Catering is a growing industry. And catered events often call for flowers. Reach out to your local caterers and offer your services. A good relationship could lead to many new opportunities. Not just for catered events, but also for new business with catering clients and their guests who see your flowers and one day need a florist.

## WHERE DOES THE MONEY GO?



You get to the end of the month. The bank account is empty. And you have no idea how you spent all the money.

It's a very uncomfortable—and

potentially dangerous—situation.

Few individuals and families are willing to live on a detailed budget all of the time. However, one slightly less painful exercise can point you toward better control of your personal finances.

Commit to tracking your out-of-pocket expenses for two to three months. Buy a small notebook—small enough to fit in your pocket or purse. As you go through the day, jot down every penny you spend.

Expenses you pay by check won't need a separate entry as long as you clearly record them in your check register. Track credit card charges because, by the time your bill arrives, you will probably have forgotten about some of the them.

You'll also need to categorize your expenses every couple of weeks. Food. Entertainment. Clothes. Car. Identify categories detailed enough to give you a good picture without being overwhelming.

When you carefully track your expenses, spending will become less of an impulsive act. That, in itself, is a step in the right direction. Also, when everything is categorized, you will see exactly where your money is going. And likely be motivated to make some changes.

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# BUILDING TRAFFIC

## BUILDING SALES

**L**oss leaders. Traffic-building promotions. Hooks. All suggest a common—and effective—marketing strategy.

You set a very attractive price on a very attractive product or service. Then you promote it hard, even though you expect to make little, if any, profit on the sale.

Why follow this strategy? Because the goal is to parlay that initial sale into other, more profitable business—today, tomorrow or somewhere down the line.

It's a concept that works. Retailers have been using traffic-builders to boost business for decades.

Unfortunately, it's also a concept that is often misunderstood.



### EASY AND HARD

As effective as traffic-building promotions can be, they aren't always easy to create.

Some shops get only halfway there.

They design a traffic-builder that does, in fact, generate interest in and sales of the promoted product. But ultimately the promotion is a net loss. This can happen two different ways.

#### 1. Lost Revenue

A traffic-builder that gets the cash registers ringing may or may not ultimately prove profitable.

Example: The Blossom Shop sets a March rose special. A dozen roses for \$24.95—half the regular \$49.95 price. The flowers, container, supplies and labor cost the shop around \$23, so there's a little margin left. But not much. The primary goal is to bring lots of new faces into the shop. A classic loss leader—or so the manager thinks.

Lo and behold, the shop sells 180 dozen roses that March—20% more than the 150 dozen sold the previous year. The roses were almost flying out of the shop. And yet, the shop's income statement shows that the profit for the month is nowhere near where it should be.

The reason is obvious. As many as 150 people who would have bought \$49.95 roses were able to buy them for \$24.95.

Did the special build traffic? You bet. Was it a wise move? Probably not. The new customers would have to make a tremendous number of other purchases to make up for the loss on the roses that would have been sold anyway.

This florist chose the wrong product. You should not use a big-selling item for a loss leader.

You're looking to add new sales, not convert old sales into less profitable ones.

## 2. No Follow-Up

An even more common mistake than lost revenue is lack of follow-up.

Getting people in the store is only half of the battle on a traffic-building promotion. You then have to convert those first-time buyers into long-term customers.

**DON'T RELY ON A HOPE THAT YOUR STORE WILL SOMEHOW "SELL ITSELF" TO NEW CUSTOMERS. IT WON'T. YOU NEED A WELL-PLANNED, STRATEGIC EFFORT.**

Know where you are going with any traffic-building promotion. What long-term sales are you trying to attract? What do you have that the new customers need? How will you follow up with them?

## PRODUCTS

Generally, three different elements are required for a successful loss leader:

- **An exceptional value.** The promotion has to be a real deal. One that will catch people's attention.
- **An item that is particularly attractive to the customers you want to reach.** Remember, you're trying to "catch" people who can buy more from you in the future. Be sure you use the right kind of bait.
- **A product you can buy at a good price.** The lower the price you pay, the more attractive you can make the special.

Below are some specific approaches for developing traffic-building products and promotions.

## Special Buys

When your wholesaler or direct-ship flower provider offers a particular flower or other merchandise at a deeply discounted price, take notice.

You can often design a very attractive traffic-builder around these products.

The wholesale or direct-ship discount lets you dramatically lower your regular retail price without changing your customary markup much, if at all.

## Glutted Products

You may be overstocked on an item. An unusual gift or container line. Or an item that's popular in your community but new to your shop.

Whatever the reason, you're sitting on an inventory you haven't yet been able to sell.

In these cases, create a traffic-building special to drive some business your way. Priming the pump may build momentum for future sales of the promoted product.

## Bargain Table

Some shops always have a table or shelf with specially priced merchandise on display.

This gets people in the habit of looking to see what's on special. Some customers will come in just to find out what's new. It's habit forming.

Once you have their attention, two things can happen. They may buy one of the specials. Even better, they may see something else in the shop that they like. The bargain table is the hook that gets them in a buying mood.

## FAST SALES

In some cases, you can realize additional sales from a traffic-builder almost immediately.

How? Use inexpensive traffic-builders to attract new customers. Balloons, chocolates, added specialty flowers or greens. Then, offer the customer the opportunity to add to the sale.

Convenience stores have this technique down to a science. A customer who wants a cup of coffee isn't going to get past the checkout counter without seeing or hearing another offer.

You can do essentially the same thing. Whenever someone buys an inexpensive traffic-builder, see if they need anything else:

*Would you like me to dress those up with some baby's breath?*

*Did you see our featured arrangements this week?*

*Any birthdays or anniversaries coming up that we can help you with?*

*How about a few flowers for the dinner table tonight?*

*Would you like to place a Mother's Day order now so you won't have to worry about it later?*

This isn't being pushy. It's just a good sales and customer-service technique.

## COLLECTING DATA

Your ability to follow up after a sale depends on how much information you get at the time of the sale. Devise a system to capture name, address, phone number, email address and key dates from new buyers who respond to your traffic-builders.

In many cases, getting information is as simple as asking for it.

Offering an extra benefit will make people even more willing to cooperate. For example, have a weekly or monthly drawing for a free arrangement. Participants simply have to fill out an entry form with the identifying information you need.

## ALL THE WAY

Traffic-builders can be a powerful boost to your business.

Identify the type of customers you want to attract. Pick the right products. Gather the necessary customer information. And then follow up.

You'll find those loss leaders making a real contribution to your overall success. 🌸





# The Great Turnaround

This month's profiled shop can be found in the southeastern United States. In the first year of the analysis, it did just under \$500,000 in annual sales.

The owners, a married couple, pride themselves on excellence of design and good service. However, they knew they had a serious problem. Despite working

hard year after year, they had little to show for their efforts. Every year, the losses piled up. More bills were waiting to be paid.

They knew they needed help.

## COST OF GOODS SOLD

After reading *Floral Finance*, the owners realized they hadn't set proper

targets for payroll and cost of goods sold (COGS) for arrangements.

*Floral Finance's* industry standards revealed the appropriate targets for their shop. Next, they asked their accountant to analyze their financial statements to see what percentages they were hitting. Soon, the owners knew the major reason they were losing money. They were putting too many flowers in their arrangements.

Arrangement COGS was way too high. They were giving too many flowers to each customer. In effect, they were giving away all of their profit.

Their arrangement COGS (including fresh product, containers and supplies) was 47.7% of arrangement sales (see the summary financial statement on page 4). The appropriate target, the owners now knew, should be closer to 30% to 33%. If they had properly controlled COGS, the business would have made an additional \$43,000 to \$52,000 in Year 1 alone. A major improvement.

As bad as the Year 1 figures look, they could have been worse. When the accountant analyzed the June statements, year-to-date arrangement COGS was at 58.6%. So, the owners got busy. They made the changes necessary to stop their old money-losing ways. The designers began to create beautiful arrangements with the correct number of flowers.

Did it work? You bet. By the end of Year 1, they had regained control. November and December arrangement COGS went down to 32%.

They made even more progress the next year. Arrangements COGS was cut to 30.1%. Only 0.1% above their 30% target. A significant accomplishment that brought a big improvement to the bottom line.

By the end of the analysis, the shop turned a loss of more than \$6,000 into a profit of more than \$60,000.

## Controlling COGS: An Example

Controlling COGS for arrangements involves some action. Start by seeing if you are paying too much for your fresh product. If so, you'll never be able to get your COGS down enough to be competitive. Be sure you've shopped all sources for your flowers.

Assuming you are buying at a reasonable price, then COGS problems always are a design-room control issue. You are putting too many flowers into each arrangement.

You will never get COGS under control until your designers count every flower and every piece of foliage that goes into every arrangement.

That may sound impossible. You may think your designers will never do it—but it has to be done. And you can make it easier by using a **design-room pricing chart**.

To create a design-room pricing chart, you can use Excel or another spreadsheet type of software. Laminate the sheet you create and give one to each designer.

For purposes of this example, we will use the most common pricing formula in the industry. Labor is 20% of the final retail price. Containers and supplies are marked up 2X. And flowers and foliage are marked up 3.5X. This formula, by the way, will give you a COGS close to 30% after accounting for a small amount of shrink.

Put five columns on the chart. The first is for the retail price. The second, for labor. The third, for the container. The fourth, for supplies. And the final one is for flowers and foliage.

Now, list your most common retail prices in the first column: \$49.95, \$59.95, \$74.95, etc. We'll use the \$59.95 price for our example here. To make the math easier, we'll round to \$60.

Next, put 20% of the retail price in the labor column. That's \$12 ( $0.2 \times 60 = 12$ ).

For the container column, assume a standard utility container. That will usually cost about 5% of the retail price.

A 2X markup means 10% or \$6 of the retail price goes to the container ( $0.1 \times 60 = 6$ ).

Supplies will cost 3% of the retail price. A 2X markup would be 6% of the retail price. So put \$3.60 in the supply column ( $0.06 \times 60 = 3.60$ ).

Finally, subtract the labor, container and supplies from the retail price to get the balance available for flowers and foliage. In this case, it will be \$38.35. That amount goes in the flowers and foliage column.

With this approach, the only thing the designers have to watch is the flowers and foliage. To control COGS, the \$59.95 arrangement allows exactly \$38.35 in flowers and foliage at retail. (Your flowers have to be priced by the stem at retail prices.)

The only exception is when a nicer, non-utility container is used. In that case, you take the difference in container prices out of the flowers.

If the designer concentrates on the amount of flowers and foliage going into the arrangement, you'll be fine. It's as easy as that.

And the results will show up immediately on your bottom line.

## SHOP PROFILE INCOME STATEMENT

	Year 2		Year 1		Difference	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
<b>PRODUCT SALES</b>						
Silk/Dried	\$ 18,724.79	3.7%	\$ 28,161.19	5.9%	\$ -9,436.40	-33.5%
Loose Flowers	36,658.84	7.3	27,206.82	5.7	9,452.02	34.7
Arrangements	344,802.41	69.0	298,788.50	62.9	46,013.91	15.4
Green Plants	12,060.02	2.4	12,847.05	2.7	-787.03	-6.1
Dish Gardens	5,074.90	1.0	5,728.00	1.2	-653.10	-11.4
Blooming Plants	9,848.62	2.0	12,410.85	2.6	-2,562.23	-20.6
Balloons	1,220.10	0.2	955.32	0.2	264.78	27.7
Gifts/Gourmet	38,291.74	7.7	61,007.32	12.8	-22,715.58	-37.2
Returns	-10,149.46	-2.0	-9,646.24	-2.0	-503.22	5.2
<b>Total Product Sales</b>	<b>\$456,531.96</b>	<b>91.4%</b>	<b>\$437,458.81</b>	<b>92.0%</b>	<b>\$ 19,073.15</b>	<b>4.4%</b>
<b>NON-PRODUCT SALES</b>						
Service Charge	\$ 9,381.45	1.9%	\$ 8,591.75	1.8%	\$ 789.70	9.2%
Wire-Out Commission	10,012.75	2.0	9,069.94	1.9	942.81	10.4
Wire-In Commission	-5,300.88	-1.1	-11,455.73	-2.4	-6,154.85	-53.7
Rebates	1,264.00	0.3	1,908.00	0.4	-644.00	-33.8
<b>Wires Total</b>	<b>\$ 15,357.32</b>	<b>3.1%</b>	<b>\$ 8,113.96</b>	<b>1.7%</b>	<b>\$ 7,243.36</b>	<b>89.3%</b>
Labor	\$ 4,743.55	0.9%	12,927.24	2.7%	\$ -8,183.69	-63.3
Rental	7,548.60	1.5	3,340.24	0.7	4,208.36	126.0
Delivery	14,495.73	2.9	12,974.24	2.7	1,521.49	11.7
Miscellaneous	943.65	0.2	512.41	0.1	431.24	84.2
<b>Total Non-Product Sales</b>	<b>\$ 43,088.85</b>	<b>8.6%</b>	<b>\$ 37,868.09</b>	<b>8.0%</b>	<b>\$ 5,220.76</b>	<b>13.8%</b>
<b>TOTAL SALES</b>	<b>\$499,620.81</b>	<b>100.0%</b>	<b>\$475,326.90</b>	<b>100.0%</b>	<b>\$ 24,293.91</b>	<b>5.1%</b>
<b>COST OF GOODS SOLD</b>						
Silk/Dried	\$ 9,643.37	51.5%	\$ 9,774.71	34.7%	-131.34	-1.3%
Loose Flowers	12,097.42	33.0	10,966.75	40.3	1,130.67	10.3
Arrangements	103,671.26	30.1	142,435.13	47.7	-38,763.87	-27.2
Green Plants	6,139.80	50.9	6,437.00	50.1	-297.20	-4.6
Dish Gardens	1,979.20	39.0	2,860.89	49.9	-881.69	-30.8
Blooming Plants	6,226.63	63.2	10,013.12	80.7	-3,786.49	-37.8
Balloons	955.52	78.3	476.82	49.9	478.70	100.4
Gifts/Gourmet	17,014.78	44.4	47,443.08	77.8	-30,428.30	-64.1
Discounts	24,402.65	4.9	22,722.27	4.8	1,680.38	7.4
<b>Total Cost of Goods Sold</b>	<b>\$182,130.63</b>	<b>36.5%</b>	<b>\$253,129.77</b>	<b>53.3%</b>	<b>\$-70,999.14</b>	<b>-28.0</b>
<b>GROSS PROFIT</b>	<b>\$317,490.18</b>	<b>63.5%</b>	<b>\$222,197.13</b>	<b>46.7%</b>	<b>\$ 95,293.05</b>	<b>7.4%</b>
<b>EXPENSES</b>						
Advertising	\$ 13,127.67	2.6%	\$ 6,276.64	1.3%	\$ 6,851.03	109.2%
Facilities	25,155.60	5.0	29,096.78	6.1	-3,941.18	-13.5
Telephone/Dove	8,938.69	1.8	4,708.77	1.0	4,229.92	89.8
Payroll	106,761.67	21.4	98,845.09	20.8	7,916.58	8.0
All Other Expenses	101,614.18	20.3	89,729.64	18.9	11,884.54	13.2
<b>Total Expenses</b>	<b>\$255,597.81</b>	<b>51.2%</b>	<b>\$228,656.92</b>	<b>48.1%</b>	<b>\$ 26,940.89</b>	<b>11.8%</b>
<b>NET PROFIT</b>	<b>\$ 61,892.37</b>	<b>12.4%</b>	<b>\$ -6,459.79</b>	<b>-1.4%</b>	<b>\$ 68,352.16</b>	

1. Each COGS percentage is figured on the actual sales of the particular product—not total sales. COGS percentages using total sales are misleading and do not give the information you are looking for.
2. Expenses are shown grouped by major category. A good income statement will show the detail as well.
3. The owner/manager is not on the payroll. Consequently, the payroll target is 20%, not 30%.
4. COGS for Silk/Dried and Balloons went up in Year 2 because of the timing of buying—not loss of control.

Much of the turnaround is attributable to the shop's newfound ability to hit COGS targets.

### PAYROLL

Although excessive payroll can also drain profitability, our profiled shop did

a good job in this area. Only one of the owners is on the payroll. His salary is set at what the shop would have to pay someone else to do that job. The other owner is not on the payroll at all.

When owner/manager pay is included in payroll, a good payroll

target (including taxes and benefits) is 30% of sales. When owner/manager compensation is taken as an "owner's draw," the payroll target is 20%.

It makes sense. If the owner/manager is not taking a salary, the shop ought to make a greater profit.

*continued on next page*



For this shop, the appropriate payroll target is 20% of sales.

How close did it come? In Year 1, total payroll expense (including taxes and benefits) was 20.8% of sales. In Year 2, it rose slightly to 21.4%.

Although some additional profit can be realized by coming all the way down to the 20% target, the owners have done a good job overall. Payroll expense has been kept basically in line.

## WHERE'S THE REST OF THE PROFIT?

What's a reasonable net profit goal?

A solid 10% of sales when the owners are on the payroll. And 20% when, as here, the owner/manager compensation is taken as a draw.

In Year 2, this shop had a net profit before income taxes of \$61,892.37. That's 12.4% of sales. Since one of the owners is not on the payroll, this shop ought to return 20% to the bottom line. So, the shop is still short of its ideal profit by 7.6%.

Bringing payroll down to the 20% target would add 1.4% to the bottom line, increasing net profit to 13.8% of sales. That's still 6.2% short of the target. Clearly, something else is wrong.

A close look at the shop's expenses shows what happened.

## EXCESSIVE EXPENSES

To get the sample financial statement to fit this article, we had to consolidate some of the numbers.

In case you are looking for them, these problem areas are included in the "All Other Expenses" item in the financial statement summary.

Item	Amount	Percent of Sales
Cash Under	\$ 4,475.07	0.9%
Interest	\$11,361.29	2.3%
Insurance	\$12,931.33	2.6%
Supplies	\$ 9,327.70	1.9%
Vehicles	\$20,691.61	4.1%

## CONTROLLING EXPENSES

A thousand dollars here. A thousand dollars there. It all adds up.

That was certainly the case in this shop. None of the other expense categories were way out of line. But many were just a little high.

Expenses can only be controlled by constant vigilance. Without a watchful eye, costs tend to creep up. Often, across the board. This shop is a good example.

## INTEREST EXPENSE ALWAYS DAMAGES PROFITABILITY.

### 1. Cash Over/Under

Cash was under—to the tune of \$4,475.07 in Year 1.

As it turned out, two causes were to blame. Employee theft and a failure to account for paid-outs.

Both mistakes were easy to correct. The dishonest employee is now gone. And no cash leaves the register without a receipt.

This should mean savings of \$3,500 (0.7% of sales) in the next year.

### 2. Interest Expense

Interest expense always damages profitability. It certainly did here. Interest and related bank charges were 2.3% of sales.

In most shops, borrowing for much more than a vehicle or two will be a problem. A loan to purchase the business or to cover losses, for example, will be a major hit to profitability.

The debt ultimately needs to be paid off. The interest expense will then go away—leaving more money for net profit.

### 3. Insurance

Insurance ran almost \$13,000. That's 2.6% of sales. Too high for a retail florist of this size. They're over-insured somewhere!

A careful review of the shop's insurance policies should yield \$5,000 in potential premium savings (1.0% of sales).

### 4. Supplies

Total supplies for the store ran nearly 2% of sales. Note that this does not include arrangement supplies. The category is only for paper, pens, invoice forms and the like.

By monitoring every purchase and eliminating unneeded supplies, the shop should be able to cut store supplies down to about 1% of sales.

### 5. Telephone Expense

Almost \$9,000 for the year. Again, that's too high for this shop.

Looking at the service provider and the number of lines they are paying for should lead to a reduction here. Another 0.7% to the bottom line.

### 6. Vehicle Expense

The final area for review is vehicle expense. Again, not a huge problem. Still, at 4.1% of sales (slightly over \$20,000), it's about \$2,500 high.

Another 0.5% to the bottom line if they can make the needed changes.

That's it! Take a look at the end result once these changes are made.

BEGINNING NET PROFIT	12.4%
Suggested Savings:	
Payroll	1.4%
Cash Under	0.7%
Interest	2.3%
Insurance	1.0%
Supplies	1.0%
Telephone	0.7%
Vehicles	0.5%
TOTAL SAVINGS	7.6%
TOTAL NET PROFIT	20.0%

Making the suggested changes in each of these categories will allow the shop to hit the 20% net profit target.

## THE WILL TO CHANGE

These florists had the determination and courage to change. They got things under control.

And the results are obvious.

You can turn your shop around, too. It just takes determination to do what it takes to produce a decent profit. 🌸

# ARE YOU GETTING ENOUGH FROM YOUR CPA?

**M**any retail florists see certified public accountants (CPAs) as a necessary evil. Florists know they have to report their financial information to local, state and federal taxing authorities. And they know CPAs are qualified to help in that process.

So, they hire a CPA. Reluctantly. Often because the “accounting side of things” might not be the most fun part of owning a floral shop. And perhaps also because paying professional fees—even for good service—is not fun. This isn’t a very positive foundation for a good professional relationship.

**WHILE CPAS ARE PRIMARILY IN THE BUSINESS OF CRUNCHING NUMBERS AND PREPARING TAX RETURNS, THEY HAVE A LOT MORE TO OFFER YOUR BUSINESS.**

There is, however, a better and much more positive way to view, structure and manage the relationship with your CPA. Think of it more as a partnership.

## BEYOND NUMBER CRUNCHING

The rigorous financial education that CPAs go through prepares them to provide a variety of valuable services. Most CPAs have taken courses in business planning, budgeting, expense control and managing cost of goods sold (COGS).

Even more important than this formal training is the experience they have gained by working with other small businesses.

Instead of starting from scratch, trying to solve a problem you have never before encountered, talk to a professional who has “been there, done that, got the T-shirt.”

Solid business ideas, money-saving strategies and cost-cutting approaches can be yours for the asking.

## GETTING STARTED

In working with a CPA, the goal is not to run up a huge consulting fee. You need to stay in control of the process.

When the CPA delivers your monthly financial statements, ask some leading questions. Did he/she see any troubling patterns or other problems? If so, what does he/she suggest you do about them? Has he/she dealt with any other companies in similar situations?

If your initial questions produce helpful information, go to the next level. Schedule an hour together to review your business plan and discuss what steps you could take to improve the shop’s profitability.

If these conversations don’t produce satisfactory results, you’re not getting what you are paying for. You may need to change CPAs.

## HELPING YOUR CPA HELP YOU

Few CPAs have a lot of experience working with retail florists. Most have no more than one or two retail florist clients.

Consequently, they have not spent a lot of time learning about the floral business. They do a good job of accurately preparing tax returns, but they may not be able to offer much in the way of helpful operating suggestions.

You can contribute to your CPA’s education with one inexpensive purchase—a copy of *The Profit Minded Florist* from Teleflora. This financial manual will help your CPA set up financial statements that will provide solid, floral-specific information.

*The Profit Minded Florist* covers all of the financial aspects of running a retail flower shop—from design room productivity to how to value your business when you’re ready to sell.

Once your financial statements are being prepared correctly, you’ll be in a strong position. Linking your CPA’s experience with accurate numbers is a powerful combination that will make truly sound management advice possible.

Nurture the relationship with your CPA. It’s much more valuable than you might think. 🌸

## FAMOUS FINANCIAL WORDS

“The way to stay poor is to pretend to be rich.”

—Herbert V. Prochnow

“Under capitalism man exploits man; under socialism the reverse is true.”

—Polish Proverb

“That most delicious of all privileges—spending other people’s money.”

—John Randolph

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# INQUIRIES AND ANSWERS LETTERS

## SYMPATHY BUSINESS

*“Is sympathy business on the way out or should I pursue it more aggressively?”*

### Pursue it aggressively.

Today’s florists have a wide range of sympathy business sales—from 10% of total sales on the low side up to 40% on the high side.

Sympathy business is a winner financially. The average order is higher than most other types of sales. That, in turn, should lead to higher productivity and better control of cost of goods sold (COGS).

And don’t forget the big picture. About 80 percent of all sympathy business is done through retail florists. It is a market florists virtually own. It also plays right into your three greatest strengths: design, service and delivery.

Advertising your expertise does work. Some florists have dramatically increased their sympathy business just by beginning to advertise and serve this niche more aggressively.

There’s no doubt about it. You should build your sympathy business.

## COST CONTROL

*“How can I get my designers to stop adding extra flowers?”*

### Remember who’s in charge.

Start by explaining to the designers why controlling the number of flowers they use is important. They need to see how doing so makes the shop profitable and how that allows you to pay their wages and benefits.

Make it easier on them by establishing recipe designs for everyday work. Also use a design room pricing sheet. This form starts with the retail price of your arrangements and then subtracts the labor, container and supplies, so the designers can clearly see what is left for flowers and foliage.

Tell them that’s the number they need to hit, and to hit that number, they will need to count every flower. And counting every flower is imperative for the shop to be profitable. If they can’t manage to do this, remember you’re the boss. The bottom line is it’s “my way or the highway.”

## NORMS

BREAKING EVEN



**F**loral Finance Business Services estimates that half of the retail florists in the United States either break even or lose money each year. If those florists had to live off of what they make in their shops, they would have to close their doors.

Of course, that means the other 50% of retail florists are making money. That’s good—but not good enough. As an industry, retail florists need to pay more attention to bottom-line performance. The business side of the business.

You deserve to be compensated for the long hours you put in. But no one is going to do that for you. You have to look out for yourself and manage your business for a profit.

*Source: Floral Finance Business Services*

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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