



Teleflora® Finance

teleflora®

DECEMBER 2021
VOLUME 40, ISSUE 12



QuickTakes

*Ideas You Can Put
to Work Immediately*

1 Remember to Praise

It's easy to dwell on negatives and forget to praise your employees. But everyone wants and needs praise.

In her book *Children Are Wet Cement*, Anne Ortlund recommends praising children 10 times to balance every criticism. That's a good strategy for adults, too.

Giving praise in an email is less effective than doing it face to face. If you praise someone's actions in an email, don't stop there. Take the time to reinforce the message in person.

2 Safety Check

Safety really should come first.

Make accident prevention a priority. Walk through your shop to check for dangers. Fire hazards. Carpets or cords that might trip someone. Broken glass in the parking lot.

Get your staff involved. The more eyes looking, the better.

3 Email Addresses

Are you collecting email addresses from your customers?

Email is an almost-free way to communicate with your best customers. If customers sign up for your email list, they are more likely to open and read any message you send.

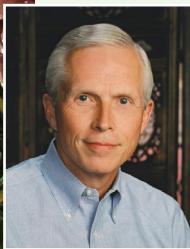
So, work hard to collect those addresses. During every sale, ask for email addresses. Place email sign-up forms on your counter.

Build your list, and you'll build your sales.

INSIDE THIS ISSUE

FROM THE PUBLISHERS: <i>Learning Through Life</i>	Page 2
FINANCIAL CHECKLISTS: <i>Take Care of Those You Care For</i>	Page 2
GIFT CARDS, GIFT CERTIFICATES: <i>Real Moneymakers</i>	Page 4
GUARDING YOUR PROFITS: <i>Opportunities or Threats?</i>	Page 6
BY THE BOOKS: <i>ATM Tips</i>	Page 7
INQUIRIES & ANSWERS: <i>Managing Partnerships; Speaking of Partnerships</i>	Page 8
NORMS: <i>Over 60</i>	Page 8

LEARNING THROUGH LIFE



Ever make a mistake?
Of course you have.
Everyone makes mistakes.

The real question
is what you do after
making a mistake. Do
you learn an important

lesson? Or do you simply dwell on the error itself?

For example, suppose you priced a wedding too hastily and forgot to add in several special arrangements you had promised the bride. As a result, you only broke even on the job—instead of making the \$400 profit you expected.

Does the lost \$400 hurt? Absolutely. But what could this “failure” teach you?

Maybe you need to reevaluate your pricing procedures and put in safeguards to prevent similar mistakes in the future. That could mean having a second person check each quote. Or using pre-printed pricing forms that would reduce your risk of leaving something out.

Improving your shop’s estimating system may save thousands of dollars on future jobs. Judged in that light, the mistake on that wedding really was an opportunity. A big one.

Make your mistakes a platform on which to build your future. Turn “defeats” into victories.

This isn’t just talk. All successful people have experienced failures—often great failures. Learning from those failures is one of the reasons they went on to succeed.

To transform your failures into victories, take the long-term view. Consider what you can learn from the situation—not just what you lost.

Paul Goodman
Editor

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

Financial Checklists

Take Care of Those You Care For

When you die, would your spouse or partner or designee have immediate access to essential financial information—both personal and business?

A surviving spouse faces difficult challenges under even the best of circumstances. Having to scrounge for your financial records can make the situation even worse. If important documents aren’t found or key dates are missed, real financial hardship can result.

A little organization now can prevent most of the confusion and reduce most of the risks.

Making lists of your financial data and letting your spouse know where the lists are located is the most important step you can take. You owe it to your spouse and the other professionals (executor, attorney, accountant) who will handle the estate.

One checklist should cover your personal affairs. The other, your business. Both checklists should be updated annually.

YOUR PERSONAL CHECKLIST

Include the following information on our personal checklist:

1. **Your will:** The location of your original will.
2. **Insurance policies (life, health, fire, auto, homeowners):** Where the policies are as well as the name, address and phone number of the insurance company and your agent. Remember to include any employer-provided policies.
3. **Bank accounts:** For each checking and savings account, provide the name and address of the

financial institution. Also include information on any CDs (certificates of deposit) or Treasury bills held through your bank.

4. **Safety deposit boxes:** Note who has the key, combination or password for each box. Include private vaults or home safes.
5. **Advisors:** List names and contact information for your attorney, accountant, financial planners and stockbrokers.
6. **Stocks, bonds and mutual funds:** List all securities and their location. If a brokerage



firm holds the account, include the firm's name and address, along with contact information for the account executive.

7. **Real estate:** Summarize your real estate holdings and the location of mortgages, deeds and other related documents.
8. **Corporate benefits:** This includes pension/profit-sharing plans, 401(k) plans and any other company-sponsored retirement benefits. List each account number, the location of any relevant documents and the telephone number of the corporate contact.
9. **IRAs and/or Keogh plans:** Provide the name of the trustee institution (usually a bank, brokerage or credit union) and the location of important plan documents.
10. **Loans/credit cards:** List your credit card accounts and all loans owed by or to you. Include amounts, due dates, and the names and addresses of lenders and /or debtors.
11. **Tax returns:** Provide the location of your state and federal tax returns for the last five years.
12. **Hard assets/collectibles:** Provide the location of the items as well

as any related documents, such as appraisals.

YOUR BUSINESS CHECKLIST

Include the following in your business checklist:

1. **Business plan:** Outline what you think should happen to the business after your death. Should it be sold or continue to operate? Who should carry out the plan? Offer your suggestions for handling key business obligations.
2. **Responsibilities of key employees:** Include each person's current duties and others that might be added in the event of your death.
3. **Attorneys, accountants and other business advisors:** Include names, addresses, phone numbers and the services each advisor provides.
4. **Buy-sell agreements:** Describe any agreements that would be triggered by your death. Provide the location of all related documents.
5. **Insurance policies:** For each policy, record the insurance company, policy number, the nature and amount of coverage, renewal date, and the broker's name and telephone number.
6. **Bank accounts/CMAAs (cash management accounts):** For each account, provide the bank or brokerage firm, account number, purpose, approximate balance and the account representative's address and telephone number.
7. **Safety deposit boxes:** Provide the location of the boxes and who has the key, combination or passwords. Include any private vaults or safes. Itemize the contents in each box.
8. **Investments:** Provide the purpose, account number and approximate value of each broker-held investment, along with the broker's contact information. Also include investments not handled by brokerage houses (for example, stock you hold in non-public companies). For each, include specifics and the location of key documents.
9. **Other assets:** Think through your assets. Vehicles, furniture, fixtures and equipment. Also, real property deeds and related mortgages or liens.
10. **Trusts:** The name, address and phone number of each trustee as

well as the location of the legal documents.

11. **Loans:** Include details on each business loan, including the bank, company or individual lender, loan balance and payment schedule. Provide the contact information for the loan officer or other representative.
12. **Tax returns:** Indicate where the business tax returns for the last five years are stored.
13. **Current year's financial records:** The location of the company's monthly financial statements, along with contact information for the person who is responsible for keeping them.

If important documents aren't found or key dates are missed, real financial hardship can result.

14. **Payroll records:** Note who is in charge of payroll records and where monthly and quarterly federal and state reports are kept.
15. **Receivables procedures:** Receivables are the lifeblood of most flower shops. So, summarize how and when the shop's receivables are processed as well as who is in charge of billing and collections.

THAT'S A LOT OF INFORMATION!

You're right!

However, if something were to happen to you, that is exactly the information your spouse will need.

Do your part by getting everything together now. You'll save your loved one time, trouble and quite possibly financial loss.

THE LAST TWO STEPS

Store your personal and business checklists in a fire- and burglar-proof place—for example, a safe at your home or a safety deposit box at your bank. Also, give your attorney copies of the lists and details on the location of the originals.

Finally, remember that this is not a "one and done" project. Update your lists at least once a year. 🌱

GIFT CARDS, GIFT CERTIFICATES



REAL MONEymAKERS

A customer comes in to make a purchase. She doesn't want anything specific right now. Instead, she wants to know if she can buy a gift card for later redemption. What's your response?

If you sell gift cards, your answer will be "yes" and you will handle the transaction according to your established procedures.

If you don't sell gift cards, you could lose an easy sale. To avoid that result, you could quickly grab a piece of stationery, write the words "gift card" at the top, note the requested amount and sign it.

That would work. But it's not a very professional approach. You need a more formal way to sell and process gift cards.

Generally speaking, gift certificates are a thing of the past. Most florists have moved to using gift cards, which work seamlessly with the point-of-sale (POS) system.

The remainder of this article mostly will use the term "gift card." If you still sell gift certificates, the same principles apply.

GOOD MARKETING TOOL

Gift cards can be an important part of your marketing mix.

Customers often aren't sure what to buy. A gift card is the perfect solution. It conveys the giver's desired sentiment and allows the recipient a free choice of what to get.

By promoting gift cards in your advertising, you may bring in undecided customers. By promoting them in the store, you may keep shoppers from leaving without making a purchase.

Gift cards also make great add-on sales. You can finish a sale by asking your customer if there is any other occasion coming up for which he could use a gift card. Some of these suggestions will result in a gift card sale.

There's no question about it: Gift cards are a strong plus in your marketing arsenal.

FREE CASH

From a financial standpoint, gift cards have one big advantage: You get

to use someone else's money at no charge until the gift card is redeemed.

Suppose someone buys a \$50 gift card for a Christmas gift. If the card isn't redeemed until January, it's like having a no-interest \$50 loan for a month. And some gift cards won't be used for months or even years.

If you do a substantial gift card volume, this "free money" will add up quickly. Maybe you'll be able to lower your line of credit at the bank and pay less interest. Or maybe the extra cash will help you address other cash-flow issues.

100% PROFIT

And then there is the biggest advantage of all: Some gift cards will never be redeemed.

That's not your intention when you sell a gift card. Far from it. You want to have customers and potential customers coming into the store to redeem their cards. But the fact is that some recipients just won't bother. When that happens, you have a 100% profitable sale.

PROCEDURES

Of course, there are some drawbacks with gift cards. There always

are. Fortunately, the problems are relatively few and fairly minor.

You need to establish and maintain strict procedures for handling the cards and processing the transactions. You also need to train your sales team on every step from sale to redemption. If the cards are not processed properly in your POS system, you risk serious accounting errors and the loss of valuable data.

Be sure that your gift cards are attractive and accurately reflect your store's image.

Keep unused cards in a safe place, and log each sale appropriately. Remember, once activated, gift cards are the same as cash. They need to be handled carefully.

That brings us to the next part of the procedure.

A LIABILITY

If you sell gift cards, you need to set up a gift cards account in the payables section of your balance sheet.

All other sales in the shop are recorded as sales revenue and appear on the income statement. Gift cards are different. A gift card sale is a promise to deliver goods in the future. Hence, it is a liability. It's as if the customer agreed to loan you some money until she made a later purchase. Just like any other loan, the transaction is recorded as a liability on the balance sheet.

Although the gift card sale is rung up like any other sale, your POS will make very different general ledger entries.

REDEEMING GIFT CARDS

Today's POS systems make gift card redemption easy. You swipe the card or enter the pertinent information. The POS system will register the payment, update the gift card log and make the appropriate general ledger entries.

A FEW CONSIDERATIONS

Three accounting steps are crucial in handling gift cards and gift certificates.

In the case of gift cards, your POS system will automatically make these entries.

However, if you sell gift certificates, it will be up to you or your accountant

to make sure the accounting is done correctly.

First, at the end of the month, confirm that all sales were recorded as a gift certificate payable (a current liability account) on the balance sheet.

This will accurately reflect your liability for sold gift certificates that are outstanding.

Second, you will have to relieve the gift certificate payable account each time a certificate is redeemed. That can be handled by coding redemptions as a debit to the balance sheet account.

Finally, you need to decide what you want to do with expiration dates for gift cards and certificates.

Some florists put a 6- or 12-month expiration date on their gift cards. All cards that are not redeemed during that time are taken off the balance sheet and put back into the gift card sales account. This reflects the money made on an un-redeemed card.

Of course, if a customer tries to redeem a card after its expiration date, you should honor it and let your accountant make the adjustments.

Other florists don't set an expiration date. They don't care if the unredeemed balance continues to grow. They know that if they declare unredeemed cards as income, they will have to pay taxes on

it. They prefer to leave the figure on the balance sheet to indicate the shop still owes that liability.

Note that some states have passed consumer protection laws that prohibit gift card expiration dates.

Just remember that until a gift card is redeemed, you have a liability to honor it.

A GOOD DEAL FOR ALL

That's the story. A few procedures to establish. A little bit of work. However, the benefits that gift cards bring you and your customers far outweigh any inconveniences.

Your customers win because you have given them an alternative purchase option.

You win because you get "free" cash to use. Some cards are never redeemed and yield a 100% profit margin. Gift cards also introduce you to recipients who might never have done business with your shop. As a result, you have the opportunity to turn these individuals into loyal customers. 🌸



GIFT CERTIFICATES: DAILY AUDITING

If you still sell gift certificates, keep a log of the certificates you sell. Check the log each day to make sure it matches the day's sales.

You'll also need to update the log for any gift certificates that were redeemed during the day.

The log should contain the following data:

- Date
- Certificate number
- Amount
- Purchaser
- Staff person who sold it

- Date redeemed
- Who redeemed it
- Staff person who processed the redemption

A little hassle? Yes, but well worth the trouble. The fact that your employees know you have tight procedures will head off most theft problems.

By numbering and logging all sales, you can quickly identify stolen certificates and watch for any that may be presented for redemption.

GUARDING YOUR PROFITS



Opportunities or Threats?

Some dangers to your shop's financial health are obvious. Falling flower quality. Poor service. Runaway cost of goods sold (COGS). Pandemic-related shipping delays. Too many employees with little to do. A severe economic downturn. Any of these obvious threats could spell major trouble for the business.

Other threats are not so obvious. They come disguised as friends, not enemies. They may even look like opportunities to grow your business.

Be careful. Developments that seem at first glance to be entirely good news may actually be mixed blessings.

Here are two of the most common.

MR. BIG

Many florists look for that one big account. Someone who will really put sales over the top. Or a small handful of clients that together will constitute a good chunk of sales.

The advantages are several. Easier marketing. Economies of scale. Instant profits. Landing the big one is usually a call to celebrate all the good results that will surely follow.

What's the danger? When one or a few customers account for a dominant portion of your sales, you're in a precarious position.

The account(s) may disappear one day. Increased staff or other financial obligations undertaken to service Mr. Big may suddenly be a noose around your neck.

A classic example is a small manufacturer that suddenly finds itself selling to one of the big-box chains like Target or Walmart.

Because these chains offer low prices to their customers, they aggressively negotiate terms with their suppliers. The argument: "We buy large quantities. We give your little company exposure. So, we deserve lower prices."

To meet the large new and (hopefully) increasing demand, the small manufacturer expands facilities and hires new staff. New equipment is bought. New long-term leases signed. The future looks bright and rosy.

**NEVER PUT YOURSELF
IN A POSITION WHERE YOUR
SUCCESS DEPENDS ON THE
CONTINUED FAVOR
OF A FEW BIG ACCOUNTS.**

Then, the big-box store demands even more price concessions. Soon the manufacturer's profit margins are gone.

Then, an even worse thing happens. The chain stops carrying the product line. All of a sudden, the manufacturer is left with high overhead and no sales to support it.

Never put yourself in a position where your success depends on the continued favor of a few big accounts. It's always better to have a broader base of business.

This doesn't mean you should turn away big accounts. Of course not. It means if you attract one, you should

work all the harder to build up the rest of your business. And don't give away the store to attract or keep the big account. That could be your undoing.

NEW DIRECTIONS

Any growing business will try new and different ideas. You see a niche. You're confident you can do the job. You move forward.

Suppose you begin a really bold new project (say, plant leasing and maintenance). You're excited about the concept but estimate it will take a year before the idea begins to pay for itself.

Again, there's great danger here.

You may be right. You may just need some time to build your reputation and clientele in the new niche. But don't let your break-even assumption turn into a 12-month license to lose money.

It's easy to become blind to short-term losses. After all, "We expected to lose money on this for the first 12 months." True enough, but how much money? The losses may actually be wildly beyond anything you ever expected ... beyond what you can ever hope to absorb.

Watch losses during the early stages of every new venture. Are they manageable? Do they square with your original break-even analysis? If not, why not? What can be done?

Be ready to make changes or even shut down a new project that isn't on track toward profitability. This can be tough if you are attached to a project, but it's a must-do for sustainable success. 🌻

ATM Tips

Not too many years ago, ATMs (automated teller machines) were new and a little mysterious. If you are old enough to have been around in those early days, you might remember the feeling of power you had the first time you got cash from a machine when you were out of town.

Today, ATMs are everywhere. All over the world. Travelers can get foreign currency in any major city in the world with their ATM card.

Most individuals never stand in line at a bank to get cash anymore. Anyone who needs cash can simply find the closest ATM.

And that's where safety enters the picture. With all the cash they dispense, ATMs have become favorite targets of thieves.

Follow these simple rules to make sure you're safe:

1. Observe your surroundings.

Notice what, if anything, is going on in the immediate vicinity and who is nearby. If the ATM is poorly lit or you observe any suspicious activity, go to another location. If the ATM looks funny, like an additional card reader has been added, don't use it. Some thieves pick up numbers and pins by using a false reader that captures the data.

2. Take along a friend.

If you can, don't go alone. There's safety in numbers.

3. Be ready to use the ATM.

Have your card out, in your hand, ready to use. Make your time at the ATM as short as possible.

4. Use a drive-up ATM.

A drive-up ATM is safer than one you have to get out of your car to use. Potential thieves can intercept you as you walk back to your car. Keep your car doors locked, the engine running and only your window open.

5. Don't flash your cash.

When you're done, put the money away immediately. Don't tempt someone.

6. If you leave your car:

Lock all of the doors. Don't leave your car unlocked. Someone could get in and hide in the back seat.

With all the cash they dispense, ATMs have become favorite targets of thieves.

7. If you're followed:

Go quickly to a crowded, well-lit area and call the police.

8. Always keep your PIN private.

With so many uses for IDs and passwords, most people are tempted to use the same PIN over and over. It's easier to remember one number than several. However, that also gives a potential thief access to more than just your ATM card and more than one way to discover your PIN. Periodically change your

PIN and don't use the same number for different purposes.

9. If accosted:

Never let potential thieves force you to go with them. Make them do whatever they are going to do right then and there. Don't give them the advantage of a more secluded location. You're safer to make a wild, screaming stand right where you are.

10. Keep your panic button handy.

Most newer cars have keyless entry systems with a "panic" button that starts the horn honking. Practice using it. Keep your finger near the panic button at all times so you can press it immediately, if necessary. The more noise you can make, the quicker an assailant will run.

The safest ATMs are the ones inside supermarkets or stores. Most are placed next to customer service desks or bank tellers. The more people around, the better.

Enjoy the freedom and convenience of your ATM card, but use it safely. 🌸

FAMOUS FINANCIAL WORDS

"I got what no millionaire's got, I got no money."

— Gerald Lieberman

"A deficit is what you have when you haven't got as much as you had when you had nothing." — Gerald Lieberman

"Everyone is a genius at least once a year; a real genius has his original ideas closer together."

— G.C. Lichtenberg

teleflora®

3737 NW 34TH ST
OKLAHOMA CITY, OK 73112

INQUIRIES & ANSWERS Letters

MANAGING PARTNERSHIPS

"My 50/50 partner wants to grow our business aggressively. I'm content where we are and don't want to invest the extra time that rapid expansion would require. What should I do?"

Be honest.

Don't try to fake enthusiasm or just go along with it. Your true feelings will surface over time. He will see your lack of enthusiasm or become unhappy that he is putting in more time and effort than you.

Ultimately, you may have to go your separate ways, with one of you buying the other's share of the business. Better to part amicably (if you can) than work together in constant tension.

SPEAKING OF PARTNERSHIPS ...

"Is a partnership a good type of organization for my business?"

No!

A general business partnership is not ideal. It offers no liability protection for the owners. In fact, it increases your liability. If your partner does something wrong and the partnership is sued, you will be liable to pay for damages—even if you were completely innocent.

A business partnership is a lot like a struggling marriage. Most end in a divorce. For reasons like the one stated above, differing personal goals make partnerships frustrating for the partners. The separation—when it occurs—can be anything but pleasant.

Sometimes the breakup brings out the worst in everyone.

If you want to go into business with someone else, organize as a corporation—preferably a Subchapter S or a limited liability company (LLC). That type of structure will give each of you liability protection, while making split ownership possible.



NORMS

OVER 60

43%



This is the percentage of adults over 60 years of age who have saved less than \$100,000 for retirement.

Since \$100,000 is not nearly enough for most retirees, the number suggests a much broader and much deeper problem.

Most seniors need to continue working at least part time to fund their lifestyle. For many, the chance to be productive and remain in the workforce also will be a source of personal satisfaction and fulfillment.

This means that senior adults are a great pool of talent for florists who need part-time and seasonal workers.
Source: The Motley Fool

FLORAL FINANCE is published 12 times a year by Teleflora LLC

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

Copyright 2021 by Teleflora LLC
All rights reserved.

Subscribers may use articles in other publications providing source is cited. Since every situation varies, appropriate legal or accounting advice or other expert assistance should be sought from a competent professional who understands that specific situation.

Consequently, although published material is intended to be accurate, neither FLORAL FINANCE nor any other party will assume liability for loss or damage as a result of reliance on this material.

Opinions expressed are not necessarily those of Teleflora.

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