



## QuickTakes

*Ideas You Can Put  
to Work Immediately*

### 1 A Pat on the Back

Be sure to say “thank you” to all your employees who have worked hard through the non-holiday months.

Recognition goes a long way toward making a person feel good about his/her job and work environment. Don’t spare the praise. And add some tangible rewards as well.

### 2 Leisure Is Not the Goal

President Theodore Roosevelt said, “There has not yet been a person in our history who led a life of ease whose name is worth remembering.”

Accomplishment takes work. And the rewards are great. For yourself ... and for others.

Some people look forward to “doing nothing” when they retire. But statistics show those who follow through on that plan usually die sooner.

We are made to work and be active. So live your life that way.

### 3 You Only Have Seconds

When you design an ad or promotional piece, remember that you will have only a couple of seconds to attract a potential customer’s attention.

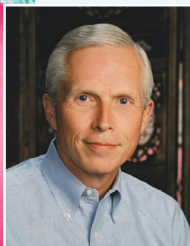
Think about how you look at ads online and in print magazines. You scroll or turn the pages quickly. The same is true with your customers.

Make sure your messages and offers can be grasped fast.

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## GETTING PEOPLE TO LISTEN



Dale Carnegie once observed that people are most interested in themselves. So, if you really want people to listen to you, talk about *them*.

A good conversationalist says very little, asks a lot of questions about the other person and makes comments that relate to that person.

So, how can you apply these principles in business? After all, as an employer you have to talk about work. You need to communicate information and directions. And you want everyone to listen carefully when you speak.

Bridge the two: work and workers.

Say the word “you” as often as you can. Focus the conversation on the other individual. Think of his/her perspective.

For example, instead of saying “I want to control our cost of goods sold by counting every stem,” try this: “You can truly impact how successful the shop is by ensuring that extra flowers aren’t in your arrangements.”

You will capture the other person’s attention. Over time, you also will find yourself thinking differently. You’ll automatically consider how changes will impact others.

You will begin to see things from the other person’s perspective. The directions you give will be more carefully planned and easier to implement with your team more engaged.

And ... people will listen to you.

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On the cover: Teleflora’s  
*Autumn Colors Bouquet*



A friend walks into your store. After the normal chitchat, she tells you the PTA is sponsoring a banquet to raise money for playground equipment.

She wonders if you might consider donating a centerpiece for the head table. Being civic minded, you answer “Sure.”

It happens all the time. You end up supporting a variety of good causes. You see the contributions as your civic duty. Not to mention opportunities to get a little advertising in the community.

Nothing wrong with that. As long as your charity doesn’t get out of hand.

### HANDLING CONTRIBUTIONS

The most common way to handle product donations? The florist goes to the cooler, pulls out an arrangement and hands it over. That’s it.

Those flowers will be included in your cost of goods sold (COGS). Your bottom line (profit or loss) will still be correct for tax accounting purposes.

But your financial control will suffer. The donated flowers won’t have any associated revenue. Consequently, as a percentage of sales, your COGS will be higher than it should

be. You also won’t know how much product you have given away.

You will have lost some key data you need to manage your operation.

### WHAT’S A CONTRIBUTION?

To set up a proper system for contributions, think about what is really taking place when you donate flowers.

Let’s suppose you agree to donate a \$49.95 arrangement. From an accounting standpoint, you could get the same result by following five simple steps.

**Don’t give away  
the store without  
knowing you did it.**





**First**, write a \$49.95 check to the organization.

**Second**, give that check to the person who requested the contribution.

**Third**, have her select a \$49.95 arrangement.

**Fourth**, have her pay you \$49.95 for the arrangement.

**Fifth**, ring it up as a regular sale.

Your books would show you made a \$49.95 contribution. Your sales and COGS figures would correctly reflect the product you used.

Your COGS as a percentage of sales would be accurate.

### RINGING UP CONTRIBUTIONS

Admittedly, that would be a lot of trouble. Too much trouble.

But to get the information you need, contributions must somehow be rung up as regular sales. Some people think this would lead to double counting of donated product.

Not so.

On the revenue side, you add in a sale. On the expense side, you take

out the same amount. The two entries wash. The bottom line stays the same.

### EASY SOLUTIONS

There are two easy ways to properly account for donated product.

**Contributions must somehow be rung up as regular sales.**

#### 1. Use your house account system.

Set up a house account for contributions.

When you give something away, ring it up as a tax-exempt sale charged to the contributions house account.

At the end of the month, write off the contributions house account balance to contributions expense.

Simple. No hassle. And all the accounting will be correct.

#### 2. Use gift cards or gift certificates.

Instead of handing over an arrangement, give the charitable organization a gift card or gift certificate. Often, when the group comes back to redeem it, the item they want will be more expensive than the card's face value.

You will have turned a pure contribution into a sale.

Just ring the transaction up as a gift card/certificate sale charged to the contributions account. When the donated gift card/certificate is redeemed, process it the same as any other gift card/certificate you sell.

Either way, everything will come out correctly. You'll have the COGS information you need.

You'll be in control.

### CONTRIBUTIONS FOR ADVERTISING

Not all donations are strictly charitable. You may get valuable advertising in return.

If you want to treat product or gift card/certificate donations as an advertising expense, simply set up a charge account for advertising. Ring the contribution up as a tax-exempt sale charged to the advertising account.

Again, at the end of the month write the account's balance off to advertising expense.

### CONTRIBUTIONS FOR PARTIAL GIFTS

Some florists allow charitable organizations to buy product at cost.

That's fine. Just make sure the amount you charge covers both hard product costs and labor. For example, if the item has COGS of 33% and design labor of 15%, the charitable group should pay half of the item's retail price ( $33\% + 15\% = 48\%$ ). Enough to cover the arrangement's hard costs and associated design labor.

To account for a partial donation, ring the sale up at full value, with 50% charged to contributions (or advertising) and the other 50% shown as a cash receipt.

### SIMPLE METHODS

Don't give away the store without knowing you did it.

The methods here will allow you to better monitor and evaluate your contributions.

You always will know how much you donated and how you did it.

And you will have an accurate COGS figure you can use as you work to maximize your shop's profitability. 🌸



# Managing the Holidays

## Take Time to Get Ready

**A** retail florist's profit or loss totally depends upon the owner's management ability. Managing cost of goods sold (COGS). Managing payroll. Managing people. Managing a host of things—often at the same time. Florists who are profitable during non-holiday months have learned how to staff appropriately. However, no matter how well you do the rest of the year, the holidays present an opportunity to improve your bottom line.

### TWO EXPERIENCES

On the subject of holiday business, florists fall into two camps.

Some see holidays as the best time of the year. Business booms. Profits soar. The hustle and bustle of a crowded shop are stimulating. It's a high-energy, high-profit time.

Others dread the holiday season. They buy too much product here. And too little there. Deliveries are delayed. Complaints and staff problems intensify. It's a stressful time.

How can you be sure you end up in the first group rather than the second? All it takes is an understanding of a few basic management principles.

First is time and task management. You need to know what you want to accomplish and plan how you will get there.

Next, you have to learn how to organize. How to delegate. How to monitor.

The rewards? A successful—and enjoyable—holiday season.

### IT'S ALL ABOUT TIME & GETTING ORGANIZED

Holidays are the ultimate test for your time management systems.

Adopting a work style that suits your talents and temperament. Establishing routines. Organizing the shop for maximum efficiency. Identifying interruptions that can't be avoided and those that signify deeper problems.

The same is true on the task management side. Busy seasons can be overwhelming. Where do you start? How can you get it all done? How does everything fit together?

One of the most difficult things about being a boss is learning how to delegate effectively.

For many florists, a change of perspective is the first order of business. It's a matter of shifting your focus from the immense whole to the more manageable components that make up a holiday season.

An analogy may help. Successful long-distance runners don't focus on the end of the race. They concentrate on reaching that telephone pole up ahead. Then, that intersection a bit farther on. And then, the new fire station on the next block. And so on. Before they know it, they have conquered the race.

In the same way, when you break "the holidays" down into its components, the whole task won't seem as formidable. The individual components may vary from shop to shop. The method, however, will stay the same.

### Step 1: Set Goals

To achieve holiday success, you have to know what you want to achieve.

**Example:** You may have several goals for a single holiday season. Maybe increasing holiday sales by 10% is your overall target. Then, you remember last year's delivery foul-ups. You resolve that this year, every order placed by noon will be delivered on the same day.



You might make these two entirely manageable goals your guideposts for the season. The standards by which you will measure your success.

### Step 2: Identify Subtasks

Consider each goal. Determine the intermediate steps you will need to take to achieve success.

In the example on page 4, to reach your sales objective you will have to:

- Review last year's sales figures
- Identify the areas where growth is most likely
- Review and, if necessary, adjust your pricing formulas
- Buy appropriately
- Develop your advertising and promotion strategy
- Maintain your service levels
- Train your staff in sales techniques

Prioritize and schedule each of these subtasks. Allow enough time to complete every one. In order. A step at a time.

Think about it: You can't make wise buying decisions until you have identified your targeted growth areas and price points.

### Step 3: Assign Subtasks

If you don't formally assign each task to the appropriate person, some things will be overlooked. You can count on it.

Don't expect your staff to read your mind. Communicate to each person what his/her responsibilities are in connection with the overall goal.

### Step 4: Monitor Progress

In many ways, this is the most important step of all. You can't wait until the holiday is over to see how well you did.

Instead, monitor your progress on each goal at regular intervals throughout the season. If adjustments are necessary, make them immediately.

For the first goal (increasing sales by 10%), you might monitor your sales once a week and compare them to the previous year. (With today's industry-specific software, you can easily check and compare your daily sales to the same day the previous year.)

For the delivery goal (in by noon, out the same day), establish your order processing and filling system before the season starts. In this case, the goal

itself suggests the appropriate monitoring intervals. It is a daily affair.

Make sure each subtask is done in a timely manner. If a problem develops, address it immediately.

### BEING A MANAGER

Effective supervision is the second major challenge at holiday time.

It isn't easy.

Kenneth Blanchard and Spencer Johnson (co-authors of *The One Minute Manager*) have described two different but equally misguided managerial styles.

Some managers are "tough." Their autocratic style results in a business that may "win" but employees that "lose."

Others are "nice." They adopt a democratic style in which the people on the staff may "win" but the business often "loses."

You want to create a fun, well-managed environment. As you meet your goals, the employees feel like a valued part of the process. It's a "win" for the business and a "win" for the employees.

### DELEGATION TROUBLES?

One of the most difficult things about being a boss is learning how to delegate effectively. At holiday time, delegation successes and failures become more evident.

You may have a delegation problem without even knowing it. Ask yourself the following questions:

- Does your staff frequently ask you to explain or clarify assigned tasks?
- Do you automatically perform many routine tasks because it's easier than

explaining the procedures to someone else?

- Do you overrule employees' decisions after telling them a matter was their responsibility?
- Is turnover or morale suffering for no apparent reason?

A "yes" to any of these questions means you need to review your delegating practices. If there's a problem, face it honestly and make the necessary adjustments before the holiday crunch.

### ENJOY

The holidays can be everything you want them to be. They can be managed successfully.

It just takes a commitment to:

- Control your time
- Analyze the tasks before you
- Work with your people

The rest is easy.

Remember, managing the holidays is about more than being efficient and treating employees well. It's about adding much-needed profit to the bottom line.

Shops that manage non-holiday periods well can be even more profitable by keeping the good work going through the holidays. And shops that struggle during non-holiday months will find that well-managed holidays can put them in the black for the year. 🧊

**Monitor  
your progress  
on each goal  
at regular  
intervals  
throughout  
the season.**

### Four Little Rules

Ensure more effective delegation with the following simple rules:

1. Define and fully communicate each task.
2. Establish priorities and set appropriate deadlines.
3. Provide the necessary authority and resources for the job to get done.
4. Monitor, but don't meddle.

These principles will lead you successfully through each stage of the delegation process. Planning. Prioritizing. Implementing. Evaluating.

# OPPORTUNITIES OF A CERTAIN AGE

## FOR YOUR TOP & BOTTOM LINES



**H**arvey Mackay is a syndicated business columnist. An article he wrote entitled “Does Life Begin at 40 ... or 50?” should be of interest to every retail florist. It presents some compelling new strategies for your top and bottom lines.

### FIRST, DEMOGRAPHICS

Mackay said that 27% of the U.S. population was 50 or older. At the time he wrote the article, AARP estimated that figure would rise to 35% by 2020.

No surprise to most of us, it did. And look at these other U.S. statistics:

- Baby Boomers (those born between 1946 and 1964) number 76 million today.
- Approximately 10,000 more people hit age 65 every day.
- The average life expectancy for Boomers is 79 (men) to 81 (women).
- The over-65 ranks will swell to 70 million over the next 30 years.

Worldwide statistics tell a similar story. Over half the people who have ever been 65 in the history of the world are alive today. While 600 million people are now over 50, by 2050 there will be 2 billion—and older people will outnumber children for the first time in history.

Every retail florist needs to recognize and factor these trends into the shop’s business plan.

**Over 60 years, a person learns what works and what doesn’t work.**

### THINK SALES

Senior citizens have a lifetime of experience and expectations. They know what they want. They understand what good service is. They are looking for quality and convenience.

Mackay says that seniors want to see advertisements featuring people who look like them, not their grandchildren.

Don’t think of seniors as “over the hill.” They are an active generation. Many have the means to support themselves in style.

They have the same basic needs as everyone else. And they recognize the importance of flowers for anniversaries and other important milestones.

### THINK EMPLOYEES

Many older people have not saved enough for retirement. They need to continue working.

Others just don’t want to retire. They want to stay active. They see work as an important part of their future.

Life has taught them the importance of a good work ethic. They know what employers expect. Treat them right and they will be very loyal.

Age may somewhat limit what seniors can do. But in other ways, seniors are more productive than ever. If not in speed, then in the quality of their work.

One study of 400 famous people found that an amazing 61% of the group’s greatest achievements came after the age of 60.

Over 60 years, a person learns what works and what doesn’t work. That’s a great foundation for major contributions.

**By 2050, older people will outnumber children for the first time in history.**

### MAKE YOUR PLANS

So, don’t count out the older generation. They will be good customers. And many will make great employees.

Target a certain portion of your advertising to this crowd. Ask a couple of older friends to review your ads before the ads go out. Make sure they find your ads appealing.

Then, consider what staff positions could benefit from an “experienced” person. Tell your friends and customers about the openings and the opportunities.

Your top and bottom lines will benefit from your new perspective. 🌸



# Pricing Expensive Flowers

**I**t's a common problem. You buy some hydrangea blooms or beautiful tropical flowers, anticipating the creation of a very special design. After you apply your normal markup, the price of the arrangement ends up higher than most customers would spend.

For example, John targets his cost of goods sold (COGS) for flowers at 25%. That means a 3.5× markup. A rose he purchases for \$1 will sell in an arrangement for \$3.50.

When he buys a hydrangea bloom, the beautiful, large flower costs him \$4. His normal markup would set the retail price at \$14—way too high for the average customer.

To move the flower while it is still fresh, he must drop the price, which violates his pricing structure.

## SIMILARITY: VALENTINE'S FLOWERS

A regular, non-holiday arrangement with roses and greens costing \$1 each and retailing for \$3.50 might sell for \$83.10 (which John would probably round up to \$84.95):

- 12 roses: \$42.00
- 3 greens: \$10.50
- Supplies: \$5.10
- Container: \$8.50
- Labor: \$17.00 (20% of the retail price)

Now let's price the same arrangement at Valentine's Day, using the same markups. Assume the \$1 roses and greens now cost Lester \$1.40 and retail for \$4.90 each:

- 12 roses: \$58.80
- 3 greens: \$14.70
- Supplies: \$5.10
- Container: \$8.50
- Labor: \$22.00

Assuming the container and supplies stay the same, the final price of the arrangement would be \$109.10 (which

the shop would probably round up to \$109.95).

The arrangement's price would have increased by \$26.00 - \$21.00 from the flowers and \$5.00 from the labor charge.

The gross margin of the normal arrangement (retail price - COGS) would be \$63.15 (\$84.95 - \$15.00 for roses and greens - \$2.55 for supplies at a 2× markup - \$4.25 for the container at a 2× markup).

The Valentine's arrangement would have a gross margin of \$82.15 (\$109.95 - \$21.00 for roses and greens - \$2.55 for supplies at a 2× markup - \$4.25 for the container at a 2× markup). In other words, the florist would make \$19.00 more gross margin on the Valentine's arrangement than a regular arrangement just because the cost of the roses went up.

A shrewd florist might say, "My gross margin on a regular arrangement of a dozen roses is adequate. I will pass along the increased cost of the flowers, but that's all. I will make just as much as I normally do and deliver much more value to the consumer."

With this approach, the Valentine's arrangement could be priced at \$89.95 or even as high as \$94.95 or \$99.95.

The shop probably would sell a lot more arrangements and have happier customers than if it kept its normal markup.

## SPECIAL TREATMENT FOR SPECIAL FLOWERS

Think gross dollars on expensive blooms instead of normal markups.

**Make sure every designer knows how to handle higher priced blooms.**

If your normal rose margin is \$2.50 (\$3.50 - \$1.00), why not make the same amount on a hydrangea? Sell the \$4.00 bloom for \$6.50 instead of \$14.00.

You'll sell a lot more hydrangeas and still make good money on each bloom. Your customers also will see a qualitative and quantitative difference between your product and those coming from mass marketers.

But whatever you decide, make sure every designer knows how to handle higher priced blooms.

The best policy is to base the retail price of expensive blooms on a reasonable gross margin. 🌸

## FAMOUS FINANCIAL WORDS

**"Great moments in science: Einstein discovers that time is actually money." — Gary Larson (cartoon caption)**

**"Rewarding the customer is everyone's job. Rewarding those who reward the customer is management's job." — Michael LeBoeuf**

**"Anyone who wishes to persuade a computer to work for him must explain his problem to the computer in precise detail. Before he can explain the problem, he must understand it thoroughly himself." — John Lear**

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# INQUIRIES & ANSWERS Letters



## USED COMPUTERS

*"Is buying used computers for my flower shop a good idea?"*

### Probably not.

The only advantage of buying a used computer is price. It's not unusual for a year-old computer to sell for half of its original cost. However, the disadvantages normally outweigh the dollar savings.

The biggest disadvantage is that used equipment is not new. That may sound obvious, but "cyber-life" is truly in the fast lane. You don't want to get too far behind. Computing power has doubled every 18 months since computers were first invented. There is no indication that trend will change any time soon.

Programmers don't worry at all about program size. They assume by the time the programs go to market, computer memory will be well beyond the needs required. That means many new programs available will not run on computers that are even a couple of years old.

## INTERNET ADVERTISING

*"How much should I spend on advertising?  
And how much of that should be on the internet?"*

### 3% to 4%. And "that depends."

The average florist will spend 3% to 4% of total sales on advertising. Maybe 5% to 6% for an aggressive, fast-growing shop.

Of course, you need to be profitable before you spend too much on advertising. You have to control your cost of goods sold (COGS) for arrangements and payroll expenses.

How much should be spent on internet advertising is a tougher question.

A nice return for your advertising dollar may come from direct mail, social media or email advertising aimed at your current customers.

However, attracting new customers also is important. More and more customers are buying over the internet. So, put your website address (URL) on everything you print, send out or advertise.

In today's world, half (or more) of your advertising dollars might go to website development, social media and internet advertising.

## NORMS

### AMAZON SALES



This is how much Amazon sales increased in the first quarter of 2021. That's phenomenal and probably due in large part to COVID-19.

Florists also have seen their online sales increase due to the COVID effect.

Although COVID will eventually fade, the trend for online sales will not. Your online presence must remain strong because your customers are more likely than ever to shop there. Make the necessary website investments to reach them.

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