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QUICKTAKES

*Ideas You Can Put
to Work Immediately*

1 Keep Communicating

No matter how chaotic things get during the Mother's Day rush, keep your managers and employees in the loop and up to speed.

Make sure everyone knows who is coming in to work each day. Team members may need to flex a bit to meet last-minute needs.

2 Take Notes

On May 11, take time to review how the holiday went. A few months from now, you won't remember the issues you faced as clearly as you do right now.

Ask all employees, including part-timers, what went well and what changes could have produced better results. When it's time to plan for Mother's Day 2010, you can pull out these notes and make any necessary adjustments.

3 Get Lean

As soon as Mother's Day has passed, cut back staff hours to better match your non-holiday sales levels. It will be more than six months before holiday sales come around again.

If you want to be profitable during the next six months, you must staff wisely and maintain high productivity

THE SUCCESSFUL FLORIST



What does a successful florist look like? What characteristics come to mind?

For many, the definition includes good design skills and

a love of flowers. After all, isn't that what a flower shop is all about?

Florists who are in business strictly to earn a living might point to the results on their income statement and balance sheet. Profitability is their definition of success.

But truly successful florists combine both creativity and business know-how. These professionals excel in the skills of the trade and manage the business well enough to turn a reasonable profit.

Stellar design and profitably are not mutually exclusive. A closer look shows why.

A good designer can take the correct number of flowers for a given price point and create something truly beautiful. Proper care and handling means longer-lasting flowers and more satisfied customers. In the long run, effective processes will add to your bottom line.

A focus on productivity will keep your creative staff both busy and happy. People are generally happiest when they are productive.

Make it your goal to succeed in both the creative and financial parts of the business.

A handwritten signature in black ink, appearing to read 'Paul Goodman'.

Paul Goodman
Editor

DELIVERY EXPENSES

COSTS PER DELIVERY

Lately gasoline prices have been all over the place. The cost of a gallon might be down today, but who knows long that will last? Now is a good time to review your delivery costs to see if you are making a profit on this important part of the business.

Generating a profit is a challenge for most retail florists. Not charging enough for deliveries often is a major factor.

Although there was a time when florists delivered for free, that is no longer the case. Delivery is a valuable service that customers are perfectly willing and accustomed to paying for.

FedEx, UPS and the Internet have made delivery charges an everyday occurrence. Most customers expect to be charged for this service.

The question isn't whether you should charge for delivery. It's how much you should charge.

To find out whether your current delivery charge is adequate, you need to know what it costs you to take flowers "from here to there." Instead of looking at average delivery cost, we have broken down the various elements so that you can better approximate and evaluate your actual costs.

DELIVERIES IN DETAIL

Several components make up your delivery costs.

First is the cost of the delivery vehicle. Generally, florists use either a mini- or full-sized van. However, there is a growing trend toward more fuel-efficient vehicles like Toyota's Scion or the Honda Element.

Whether you buy a mini- or full-sized van, the initial purchase price is about the same. The differences are in hauling capacity and fuel efficiency. A Scion or Element will cost about \$5,000 less up front

A quick look at the **Vehicle Cost Assumptions** table on page 3 reveals that either size van will cost just over \$37,000 during its life. The smaller Scion or Element costs about 20% less over the vehicle's life due mainly to the lower initial purchase price.

Second is the cost of gasoline. We have assumed that in city driving, a minivan averages about 16 miles per gallon and a full-sized about 9 miles per gallon. The Scion or Element averages about 25.

Third is the average miles driven per delivery. To get this number, you need to estimate the number of deliveries you make each day and the number of miles



required to make those deliveries. Tracking this data for a couple of weeks will give you a fairly accurate picture of the average distance.

We have combined these variables into the **Vehicle/Gasoline Cost for Delivery** table on page 4. Use the left-hand column to find your average miles per delivery. The next four columns show the number of lifetime deliveries you can make, given your average distance and the cost per delivery for each type of vehicle.

The last three columns show gasoline costs for a minivan, full-sized van and the Scion/Element, assuming an average cost per gallon of \$2.

To adjust for fluctuating fuel costs, divide your actual cost per gallon by 2.00. Then multiply the fuel cost for your vehicle and your average distance by this factor. The result will be your actual gasoline cost per delivery.

THE BIG EXPENSE—LABOR

The fourth component of delivery cost is labor. Not surprisingly, it turns out to be the most expensive part of the delivery.

The fifth and final element is the average number of deliveries your driver makes per hour.

The **Labor Cost for Delivery** table on page 4 combines these

VEHICLE COST ASSUMPTIONS

LIFETIME MILEAGE OF VAN 150,000

FUEL EFFICIENCY

Full-sized van 9 mpg
 Minivan..... 16 mpg
 Scion/Element..... 25 mpg

GASOLINE – cost per gallon \$2.00



LIFETIME COSTS OF VAN

FULL OR MINIVAN

SCION or ELEMENT

Purchase price	\$22,000	\$16,000
Average interest paid	4,000	2,910
Tax/tag first year	1,000	1,000
Tax/tag next 2 years	400	400
Tires – 3 sets	1,500	1,500
Repairs – \$500/year	3,000	3,000
Insurance – \$1,200/year	3,600	3,600
Tune-ups – 1	200	200
Oil changes – 49	1,470	1,470
TOTAL Lifetime Cost	\$37,170	\$30,080

variables to calculate a cost per delivery. Use the left-hand column to find your hourly wage rate. Then go across to the average number of deliveries you expect per hour to find your labor cost per delivery.

TOTAL COST

To find your total cost per delivery, add the costs for your labor, vehicle and gasoline.

Example: Suppose you drive a full-sized van and pay your driver \$10 per hour. Your shop averages four miles per delivery. Gasoline is \$2.20 per gallon. And the driver can

make three deliveries per hour. Here are the steps.

1. In the first column of the **Labor Cost for Delivery** table on page 4, find the \$10 pay rate. Your taxes and benefits will add \$1.50 for a total labor cost of \$11.50 per hour. Continuing over to the 3 deliveries per hour column, you see that labor costs you \$3.83 per delivery.
2. In the first column of the **Vehicle/Gasoline Cost for Delivery** table, go to 4 miles per delivery. The next two columns show you will get

Continued on page 4

DELIVERY EXPENSES

Continued from page 3

- 37,500 deliveries out of your full-sized van at a vehicle cost of \$0.99 each.
- To calculate your gasoline costs, divide \$2.20 by 2.00 and you get an adjustment factor of 1.1. Go to the Full-Sized van column for 4 miles average delivery and you see a gasoline cost of \$0.89. Multiply that amount by 1.1 and your gasoline cost is \$0.98 per delivery.
 - Finally, add them all together: \$3.83 (labor) + \$0.99 (vehicle) + \$0.98 (gasoline) = a total cost per delivery of \$5.80.

WHAT ABOUT LONGER DISTANCES?

If you want to know the vehicle and gasoline cost for longer distance deliveries, you still can use the tables. For



example, to understand the vehicle and gasoline expense for a 20-mile delivery trip, calculate the cost to go 5 miles and then multiply that by 4.

Once you've found the vehicle and gasoline cost, then look at the labor cost. Approximately how long will it take to make that 20-mile delivery?

When making these calculations, remember to base the mileage and time on a round trip. 🚗

VEHICLE/GASOLINE COST FOR DELIVERY

AVERAGE MILES PER DELIVERY	VEHICLE LIFETIME DELIVERIES	MINIVAN VEHICLE COST / DELIVERY	FULL-SIZED VEHICLE COST / DELIVERY	SCION/ELEMENT VEHICLE COST / DELIVERY	MINIVAN GASOLINE COST / DELIVERY	FULL-SIZED GASOLINE COST / DELIVERY	SCION/ELEMENT GASOLINE COST / DELIVERY
1	150,000	\$0.25	\$0.25	\$0.20	\$0.13	\$0.22	\$0.08
1.5	100,000	0.37	0.37	0.30	0.19	0.33	0.12
2	75,000	0.50	0.50	0.40	0.25	0.44	0.16
2.5	60,000	0.62	0.62	0.50	0.31	0.56	0.20
3	50,000	0.74	0.74	0.60	0.38	0.67	0.24
3.5	42,857	0.87	0.87	0.70	0.44	0.78	0.28
4	37,500	0.99	0.99	0.80	0.50	0.89	0.32
4.5	33,333	1.12	1.12	0.90	0.56	1.00	0.36
5	30,000	1.24	1.24	1.00	0.63	1.11	0.40
5.5	27,273	1.36	1.36	1.10	0.69	1.22	0.44

LABOR COST FOR DELIVERY

WAGE RATE PER HOUR	TAXES + BENEFITS	TOTAL WAGE PER HOUR	AVERAGE DELIVERIES PER HOUR							
			2	2.5	3	3.5	4	4.5	5	5.5
\$ 7.00	\$ 1.05	\$ 8.05	\$4.03	\$3.22	\$2.68	\$2.30	\$2.01	\$1.79	\$1.61	\$1.46
7.50	1.13	8.63	4.31	3.45	2.88	2.46	2.16	1.92	1.73	1.57
8.00	1.20	9.20	4.60	3.68	3.07	2.63	2.30	2.04	1.84	1.67
8.50	1.28	9.78	4.89	3.91	3.26	2.79	2.44	2.17	1.96	1.78
9.00	1.35	10.35	5.18	4.14	3.45	2.96	2.59	2.30	2.07	1.88
9.50	1.43	10.93	5.46	4.37	3.64	3.12	2.73	2.43	2.19	1.99
10.00	1.50	11.50	5.75	4.60	3.83	3.29	2.88	2.56	2.30	2.09
10.50	1.58	12.08	6.04	4.83	4.03	3.45	3.02	2.68	2.42	2.20
11.00	1.65	12.65	6.33	5.06	4.22	3.61	3.16	2.81	2.53	2.30
11.50	1.73	13.23	6.61	5.29	4.41	3.78	3.31	2.94	2.65	2.40
12.00	1.80	13.80	6.90	5.52	4.60	3.94	3.45	3.07	2.76	2.51
12.50	1.88	14.38	7.19	5.75	4.79	4.11	3.59	3.19	2.88	2.61
13.00	1.95	14.95	7.48	5.98	4.98	4.27	3.74	3.32	2.99	2.72

Source: Analysis from Floral Finance Business Services, Inc.

DRIVING SAFELY

STAYING ACCIDENT FREE

Retail florists make deliveries every day. Every time a delivery vehicle leaves your shop, there is a possibility it will be involved in an accident. Are you doing all you can to keep your drivers safe?

DON'T WING IT

The last thing you want is an accident. It's a waste of time and money. Not to mention the biggest risk of all—someone might get hurt.

Vehicle safety is largely a result of awareness and preparation. You can avoid most accidents with a few simple precautions.

MAINTENANCE

A properly maintained vehicle is the foundation of accident prevention. Refer to your owner's manual for a schedule of periodic maintenance checks. Stay on top of these basics and you'll prevent most potential problems.

The simplest, least expensive and most cost-effective maintenance task is changing your oil and filter. Follow your manufacturer's timetable and specifications, and have all fluids and lights checked at the same time.

Encourage drivers to report any vehicle problems immediately, especially if they involve the steering or brakes. As soon as a concern surfaces, make an appointment to have the problem checked and fixed.

DRIVER SELECTION AND EDUCATION

Ask your insurance carrier to pull an MVR (Motor Vehicle Report) on every driver before they begin employment and each year thereafter. Don't put someone on the road who has a record of moving violations or DUIs.

Make sure drivers understand that you expect them to stay within the

speed limits at all times. And to be courteous to others.

It's a good idea to place a sign on the back of the van that asks, "How's my driving?" along with the shop's phone number. You'd be surprised how quickly inappropriate driving will be reported by other drivers—and how quickly your drivers will change their bad habits.

Remember, your drivers represent the shop. How they behave will affect your image more than an ad in the newspaper.

VEHICLE IDIOSYNCRASIES

Probably the most difficult thing about driving a delivery van is

the lack of side and/or rear windows. When you're used to glancing over your shoulder before changing lanes, it is uncomfortable not to have windows where you expect them.

Positioning the mirrors correctly can help eliminate any blind spots. You can also install a small convex mirror (available at any auto store) to the bottom corner of the vehicle's outside mirrors.

Using mirrors properly will ensure safe lane changes—as long as the drivers check them each and every time they change lanes. The method described below works for all vehicles, including passenger cars. 🍷

POSITIONING YOUR REARVIEW MIRRORS PROPERLY

Most drivers set side mirrors so they can see the side of their vehicle. This placement will always produce blind spots. Here's how to position your three mirrors correctly.

1. To set the rearview mirror

First, sit squarely in the middle of your seat and adjust the mirror to see straight behind you.

2. To set the outside right mirror

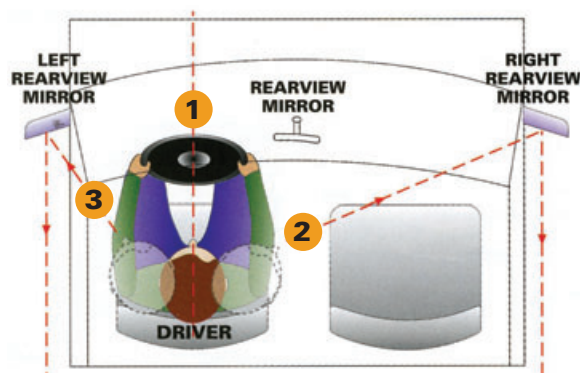
Lean to the right in your seat and set the mirror to see just down the right side of the van.

3. To set the outside left mirror

Lean to the left in your seat and set the mirror to see just down the left side of the van.

When you are sitting straight in your seat, neither side mirror will show the side of your vehicle. These positions will best eliminate blind spots when turning or changing lanes.

To check for any remaining blind spots, sit in a normal driving position and watch cars as they pass on both sides. The passing car should appear in the outside mirror before it leaves the inside rearview mirror. Then it should appear in your peripheral vision before it leaves the outside mirror.



REDUCING PAYROLL

In today's economy, many businesses are faced with lower sales. Companies everywhere are having to lay off employees. Some by the thousands.

How should a retail florist handle the payroll problem? In a small business, employees become almost like family. Cutting staff can be very difficult.

First, remember that you **must** trim your expenses to match any decrease in sales. If you don't, you surely will go out of business—and then everyone will lose their jobs.

So, given that reality, here are a few options to consider.

CUT PAY ACROSS THE BOARD

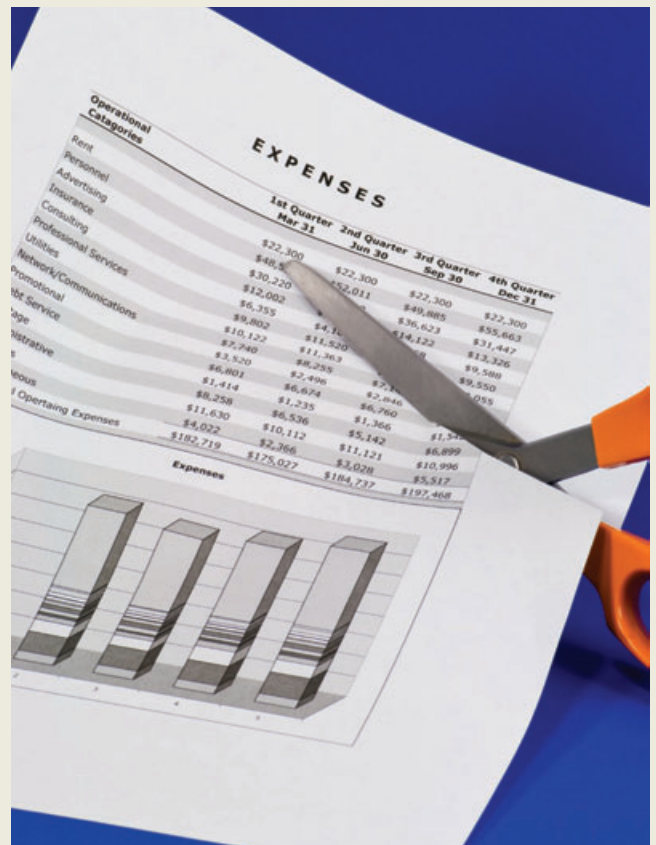
With an across-the-board pay reduction, everyone bears an equal burden and no one has to lose his or her job. It's a nice idea and a solution to keep in mind. However, it probably will not solve the problem long term.

If your sales are down by 20%, the shop's labor needs are also lower. Unless you want employees sitting around with time on their hands, you must cut hours.

In fact, now is the time to make sure your team is working as efficiently as possible. You should staff so that everyone is actually doing more than before.

WHO SHOULD GO?

You will have to make layoff decisions individually, according to your shop's requirements and personnel. However, remember that this is an opportunity to keep your best employees. Trim the payroll by cutting back on poor performers or those with less-than-positive attitudes.



THE LONG RUN

If this downturn eventually leads to a deflationary economy—i.e., prices begin to drop everywhere—then wages will have to drop as well. You will have to make across-the-board pay cuts in addition to scheduling fewer hours.

Watch what the larger companies are doing for clues on the next steps you should consider.

Finally, remember this weak economy won't last forever. Good times are ahead. For now, the goal is to make sure you survive. If you are smart now, you will be positioned to grow again, right along with a healthy economy. 🌱

FAMOUS FINANCIAL WORDS

"That money talks, I'll not deny. I heard it once; it said 'Goodbye.'"

—Richard Armour

"The most important thing about getting somewhere is starting right where we are."

—Bruce Barton

"I'm tired of love. I'm still more tired of rhyme. But money gives me pleasure all of the time."

—Hilaire Belloc

MAINTAINING GOOD CREDIT

Having a good credit rating is important to both you and your business. Especially in times like this when borrowing money is difficult. The last thing you want is a bad credit report when you're trying to close on a house or obtain a line of credit for holiday purchases.

THE CREDIT REPORTING BUSINESS

No one wants to extend credit to a deadbeat. You don't. Neither does your bank or supplier. This universal interest in weeding out the slow-pays and never-pays was brought about by the credit reporting business.

Although not perfect, these companies gather credit-history data from many sources. Have you ever been late in paying a bill and received a notice that if you didn't pay, it would appear on your credit report?

Many businesses supply credit information—both good and bad—of credit reporting companies.

PERSONAL CREDIT REPORTS

Three primary agencies in the United States gather and report credit information on individual consumers.

- Experian
- Equifax
- TransUnion

In Canada, the major credit reporting firm is Equifax Canada.

Depending on the size of your metropolitan area, you may have all three companies or just one. Look in your local Yellow Pages under Credit Reporting Agencies to see which companies serve your area. Or Google "credit reporting agencies" plus the name of your town or city.

You can obtain a copy of your credit report simply by asking for one.

Usually there is no charge. However, the individual credit bureau determines whether there will be a fee. If you have a credit dispute with a lender, you are entitled to a free copy of your report.

Look your credit report over carefully. Make sure everything is accurate. If not, you need to get it straightened out ASAP.

FIXING A BAD REPORT

It is not uncommon to find an error on a credit report. A store that shares its data with a credit bureau may give the wrong name. John Smith, instead of John Smyth. Bad information goes in the file. The wrong person is credited with a bad history.

If you find an error, call the credit bureau. Tell them you wish to dispute an item on your report. The credit bureau is obligated to request supporting documentation from the company that supplied the information.

If the credit bureau finds an error has been made, your report will be corrected. If the lender documents and confirms its claim, the credit bureau will let you know that you should resolve the dispute directly. The bureau essentially washes its hands of the matter.

That's the way the system works. The credit bureau is not required to change an item just because you say it is wrong. Nor is it required to judge between competing claims. Only when a reporting company admits it supplied incorrect information will the credit bureau change its records. However, if a consumer disputes an item, the credit



bureau will at least note the dispute in its report.

If one of the three credit bureaus corrects an error, you should immediately contact the other two. Chances are good they have the same misinformation.

IT TAKES TIME

A disputed item can take from 90 to 120 days (or more) to get cleared up. So, don't wait until you need a loan to review your credit report.

Keep your credit report clean by paying your bills on time. And periodically check to make sure your report is free from errors.

BUSINESS CREDIT

Requesting credit reports on a business is more difficult. The credit bureau is not required to give you any information.

The most complete business reports come from Dunn & Bradstreet. However, these "D&B" reports are available only to businesses that sign up for their service. The cost will vary depending on how many reports you want and how much detail you require. ☛

INQUIRIES AND ANSWERS LETTERS

PRICING SETS

"Is there a formula for pricing individual items in sets or nests?"

There certainly is.

The following chart should help. First, determine the cost for the entire set, including freight. Then multiply that cost by the percentages shown on the chart.

FORMULA FOR PRICING SETS AND NESTS							
Set of	#1	#2	#3	#4	#5	#6	#7
2	43%	57%					
3	25%	33%	42%				
4	17%	22%	28%	33%			
5	10%	15%	20%	25%	30%		
6	9%	11%	15%	18%	22%	25%	
7	7%	10%	12%	14%	17%	19%	21%

Note that item #1 is always the smallest size in the set or nest.

SENDING INVOICES OR STATEMENTS

"I send out statements at the end of each month. My fellow florists say I'm missing the boat. Should I send out invoices during the month?"

Only if you want to get your money sooner.

It's a fact: The sooner a customer receives a bill, the quicker it will be paid.

Think about it. If it takes you awhile to send the bill, the customer usually takes awhile to send the check. In fact, it's not unusual for customers to delay payment by the same amount of time it took you to bill them. So, if you bill right away, they'll usually pay right away.

May really is *the* month to get on the invoicing bandwagon. Your sales are up. Charged amounts are up. Now is the time to get paid, while customers still have cash in their pocket. Wait until the end of the month, especially in May, and you're likely to find customers tapped out and unable to pay you for a while.

It's definitely in your best interest to bill quickly. Send invoices at least weekly.

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NORMS

EMPLOYEE DISCOUNTS

25%
to
50%



The discount range florists give their employees on product purchases.

The retail flower business is a low-wage industry. Very few florists can afford to give their employees hefty benefits.

Offering generous discounts on flowers and other products is one benefit employees truly appreciate. It costs the shop nothing. And it also reduces the potential for theft.

Be generous with your discounts. You don't need to make money off of employee purchases.

But be smart. Put your discount policy in writing and make sure no one rings up her own discounted sale. Owners included. That ensures everything stays aboveboard.

Source: Floral Finance 2008 Salary Survey

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