



Society of American Florists



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Be the Business Worth Buying

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Floral Finance

Business Services

A Little Bit About Us

Step 1: Start Planning Your Journey Ahead of Time

Would you head out on a road trip or hike in the woods without getting directions or looking at a map?

The truth is:

Success is always best if you have BOTH a Mental plan AND a roadmap for Retirement!



Where do I start?

- * Start well before you are ready – do your homework!
- * Explore your options
 - * Is there a next generation “kiddo” in line?
 - * Is there a key employee that has the moxie?
 - * Is there a wealthy customer who keeps saying “I’ve always loved flowers and wanted to buy..... 😊
- * Hire a business coach
- * Research a Business Broker in your area



Things to Consider

* Get Professional Financial Guidance

- Need to be able to determine realistic expectations of both Sales Price & Post Tax Income

* Plan ahead - Be strategic

- Clean up all the weird or personal “expenses” in the books for the year or two before sale

* **PRO TIP**

Things to NEVER say to a buyer



Profit = Price

Top Profit = Top Price

Low to No Profit = Low Ball Price

Buyers want a return on their investment

Common Pricing Formula

4 x **Adjusted** Net Profit
Plus
Balance Sheet Items Purchased

Most sales “Asset” sales
(Owner keeps the balance sheet)

Adjustments to Net Profit

Owner Compensation Package:

10% of first \$500K in sales
+ 5% of sales above \$500K

Rent: If building is owned, fair market rent charged

Depreciation: 1.5% - 2.5% of sales

Other Items: Large onetime sales or expenses that were expensed in full/not depreciated

Plan Ahead

How's Your Drive By Look?

- * Look closely at interior and exterior of your store
- * First impressions are important!



Grow the Top Line in advance ***Greater Sales.....Greater Price***

- * **Even if you have smaller margin sales.....**

Every buyer thinks they can do better than you

- * **If you had a decline in sales... be able to clarify that into being a “decision or known” factor**

Example: Valentine’s Day fell on a Sunday OR we decided to eliminate a low margin sales item

- * **Local and online reputation is VERY IMPORTANT**

Keep an eagle eye and respond POLITELY to ALL REVIEWS

Reputation Management

* **Online Reviews & Word of Mouth are important!**

* **You can't "UNSTICK" BAD reviews!**

Respond to every one....politely and GROW, GROW, GROW your good ones.

PRO TIP:

Use all your "zillion" donations to build good reviews by asking EACH for their "thank you" review!



Show Your Strengths NOW plus Growth Opportunities!

- Put together a simple notebook with an outline of current “winners” plus untapped Growth Potential
- New owners bring energy and enthusiasm - Tap into it their emotions!

PRO TIP: IF not retiring I would:

- * Start evening classes for women’s groups
- * Host a Terrarium Bar 2 x year
- * Develop an outside sales person role to increase commercial accounts
- * Create a Mothers Day “Make it for Mom” children’s event

Employee & Operations Handbooks

- * **Have a Daily “how to” Operations notebook**

Example: Who checks out the daily sales? Who handles Payroll? Timecards? Who handles scheduling duties?

- * **Have policies and procedures in place for:**

Time off/PTO/Vacation, etc.

- * **Employee Handbooks are a great sales tool = “Turnkey”**

PRO TIP: *SAF has a FREE one for members!!!*

- * **Have a List of employees/specific duties helps a buyer “see” the operation as already smooth**

Equipment Notebooks

*** Delegate Equipment Tracking (repairs, maintenance, warranties) to staff**

- Saves time & money

Example: 1 different color for each

Vehicles - Blue

Coolers - Orange

HVAC – Green



*** Use an overview sheet as first page and easily track repairs and maintenance**

Holiday Records

- * **Good Recordkeeping makes a good sale!!!**
- * **Keep accurate records and holiday notes**

PRO TIP:

Always think...“What happens if I get hit by a train” who would take over???... **WRITE IT DOWN!!**



Key Financial Touchpoints

Financial Data

- **Make sure financials are Accurate & Timely**
- **Are they adequate for Good Management and Analysis?**

Ideal Florist Income Statement

- Product sales separated from Non-Product
- Separate COGS category for each Product sales category
- COGS % based on associated Product sales
- Expenses listed alphabetically
- All Facility expenses grouped and subtotaled
- All Payroll expenses grouped and subtotaled
- All Vehicle expenses grouped and subtotaled

Payroll Targets

- ***Single Location – 30% of Sales***
- ***Multiple Locations /Garden Center - 35% of Sales***
- ***Owner /Manager – 10% of first \$500K + 5% of sales over \$500K***
- **Key Permanent Staff for non-holiday sales**

COGS Targets

- **Overall 30-37% (Sales Mix)**
- **Key Target - Flowers/Greens \leq 25% of Arrangement and Flower Sales**
- **Count...Count...Count**



THANK YOU!!!

Questions?



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Be the Business Worth Buying

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1. Plan Ahead: 2-4 years

- Determine when you'd like to retire
- Develop a succession plan (Someone in the family? Current employee? Outside buyer?)
- Talk to your accountant so you understand all tax ramifications

2. Consult a Professional in Business Sales

(Note: These contacts have different skills and knowledge than a real estate salesperson.)

- Discover from a professional what a buyer really wants to see/know. It is worth the investment. Their assistance lets you spend your time **building and running** your business for a profit, while someone else worries the details of a sale.

3. Tidy Up

- Recognize the value of a good first impression
- Ask a friend to drive by/ walk in and offer candid opinion. Ask a broker to do the same.
- Identify and tackle easy cosmetic fixes

4. Focus on Sales Growth

- A top line with an upward trajectory shows all sorts of "potential" to a new buyer
- Develop a "What I would do if not selling in the next 5 years" inspiration list for prospective buyer

5. Become Turnkey Ready

- Develop and document simple "how to" operations notebooks. Lenders LOVE them! They inspire confidence in the buyer.
- Buy different color notebooks. Use one color for each "subject":
 - Daily operations: answers basic "how does this work?" questions at a glance
 - Staffing: breaks down positions, duties, and who reports to who
 - Holiday planning: includes past sales numbers, staffing tips, advertising tips, when to order fresh product and how to estimate amount needed
 - Equipment logs: contains easy-to-read details on every vehicle and cooler