

DAILY BUSINESS PROCEDURES

A Course in Management

By Jack Cross AAF TMFA and
Kelly Norvell TMF



Professional Certified Florists' Program

PUBLISHED BY
Texas State Florists' Association
PO Box 170760; Austin TX 78717
For Information: 512.834.0361

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Daily Business Procedures

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I. INTRODUCTION

The goal of Daily Business Procedures for the Retail Florist is to acquaint the individual with the basic definitions and business procedures needed to operate a floral shop on a day to day basis. This course is designed to teach you the basic daily business procedures needed to operate your flower shop on a daily basis. This course is not intended to be a general accounting course. The double entry system and accounting principles are not covered in this course. Those subjects are best left to a general accounting course or to your shop's CPA or accountant.

The formulas and percentages suggested in the course are derived from a wide variety of florists from across the nation. Research has shown that profitable florists use and follow these percentages and formulas in their everyday operations. They are tested and proven

effective. However, individual shops should view this in reference to their own applications and modify guidelines if necessary.

Today there are many bookkeeping software programs available to the retail florist who is computerized. Before one selects a software bookkeeping package, it is recommended that you first understand basic bookkeeping for the retail florist so you will be better equipped to select the bookkeeping software that best meets your shop's needs.

You are encouraged to discuss questions you might have with your CPA or accountant. You should be eager to ask questions. Asking frequent questions in this unique business is the only way to insure proper recording and treatment of some of the very complex transactions found only in the floral industry.

II. THE GENERAL LEDGER

The general ledger tells you the financial health of the business. It is made up of two main components, the Balance Sheet and the Profit and Loss or Income Statement. From these two reports, you can see where the business stands financially and how well or poorly you have done over a period of time.

The Balance Sheet and Income Statement make up the financial statements for a business. They are prepared by your computer business software, CPA, accountant or bookkeeper. The Financial statements put all your daily business procedures into prospective. They are the monthly statements which review your overall business activity. A basic understanding of the definitions of the Balance Sheet and Income Statement and what is included in each will help you understand why recording business procedures is one of the most important things you can do for your business.

A. Definition and Examples of Balance Sheet

The balance sheet is called by that name because it is made up of two parts that must always balance. One part is what the business owns, called "assets" and the other part is what the business owes, called "liabilities". The balance sheet is a summarization of the assets, liabilities and equity of the business. A balance sheet is a picture of the shop's worth on a particular day. This is summarized in a statement prepared at the end of the month. The format of a balance sheet is as follows:

$$\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$$

What a balance sheet gives us is a list, as of a certain day, of all assets owned and all claims against these assets. These claims against the business are held by creditors, to whom money is owed, and the owners of the business themselves, in the form of owner's equity.

Examples of assets would include fixtures, inventory, office equipment, coolers, delivery vehicles, accounts receivable and monies in business checkbooks and savings accounts. Examples of liabilities would include sales and payroll taxes owed, accounts payable to suppliers, loans, mortgages and the owner's equity. Owner's equity is comprised of the money you paid into the business to get it started, plus any additional money you may have put in up to that time along with any of the profit that you as the owner have not taken out but left in the business.

B. Definition and Example of Income Statement

The Income Statement is a summarization of a businesses operations for a certain period of time such as at the end of the month. The Income Statement lists all revenues, then subtracts expenses to determine a net profit or net loss over a period of time. Usually, the Income Statement will be produced at the end of each month and contain information on the businesses profit or loss for the individual month and for the year-to-date. The format of an Income Statement is as follows:

$$\text{Sales} - \text{Cost of Goods Sold} = \text{Gross Profit}$$

$$\text{Gross Profit} - \text{General and Administrative Expenses} = \text{Net Income or Net Loss}$$

III. DAILY SUMMARY REPORTS

Most of the information in this section assumes you have a cash register. However, a manual summary report can also be prepared.

A. Sales Analysis "How-To"

Controlling your cash receipts and sales information on a daily basis is at the center of your financial control system. A daily cash control system records sales for the day. A daily sales analysis takes it one step further. Sales are broken down into their various categories such as arrangements, blooming plants, silks, foliage, delivery, etc. by day and month-to-month. These figures can then be compared with corresponding sales for the previous month and year and can be used for forecasting and staffing needs.

At the end of the day run a summary on your register tape and then take the register drawer out and go to a quiet spot. Take out all the cash, checks, credit card forms, etc. as well as your receivables on accounts. First, count the exact amount of change that you started with. Set it aside as your change fund to begin the next day. Left on your desk will be the entire receipts for the day. Using the Daily Receipts Form and the Daily Sales Form, record the appropriate data from your cash register summary and from your counting of the various receipts.

See Example Forms I, II, & III

B. Break Even Point

It is very important to know exactly how much it costs you to have your shop operate each day. To do this, you need to add up your total expenses for the month, then divide into the number of working days in the month to figure your daily expenses. Of course rent, utilities, flowers and delivery expenses need to be included in figuring this amount, but payroll, insurance and other miscellaneous expenses also need to be included. This list needs to be as detailed as possible. When you can place a dollar figure on how much it costs you to keep your doors open each day, you can compare that figure to your daily sales analysis to make sure you are making a profit. When daily sales equals your daily costs you will have met your break even point. For some shops, they may further analyze their costs and tell themselves that they need to sell 15 arrangements at an average price of \$30.00 each to break even for the day. Then every arrangement sold after that point is a profit. You will need to adjust your figures for busy holidays and certain seasons.

IV. COST OF GOODS SOLD

A. Definition

Cost of Goods Sold may be defined as: A section of the Income Statement that includes purchases for resale. What this means is that Cost of Goods Sold (COGS) is product cost. COGS is the single largest expense that a flower shop has. Controlling how much product is put into arrangements is critical to profitability.

You may hear of shops with sales or \$500,000 a year but they don't show a profit. If you look at their financial statements you will usually see that their COGS is too high. Since the designer ultimately decides how much product to use, they have a direct impact on how much product is put into arrangements and therefore have a direct impact on the COGS. COGS can be controlled by many factors, but the two main factors are pricing and shrink.

B. Pricing

Although there are no exact industry standards on COGS there are some guidelines available. To set one COGS percentage to all types of flower shops would be to say that all flower shops appeal to the same market segments. There are really several categories that will determine the COGS percentage. An average accepted industry standard is 33% for arrangements, 40% for potted plants and 50% for gift items. For example, if you determine that a 28% COGS percentage is needed in your shop to make a profit, then you would need to mark up your flowers at least three and a half times. The formula is $1 / .28$. You may also work backwards to figure your COGS percentage if you know your markup. For example, if your markup is 2.5, then $1 / 2.5 = .40$ or 40% COGS. This means that 40% of your selling price for that arrangement went directly into product costs (foam, wire, flowers, container, etc., all product DIRECTLY related to making that arrangement).

To maintain proper COGS, you must price properly. There are two ways to approach pricing. First you need to be able to establish a price on a given arrangement based on the product used to make it (flowers, supplies, container, etc.). This is called "working from cost up." In addition, you need to be able to start with a target price for an arrangement and be able to determine how much product should go into that design to meet your COGS goal. This is called "working from price down." You shouldn't expect your designers to be able to work complex pricing formulas so it is important to be prepared. Put up a blackboard giving the flowers and foliage prices at retail. Mark all containers for their retail price. Establish retail prices for all supplies. This way the designers will be ready when the order gets to the design room. Examples of pricing up and pricing down are included in this manual. You may use these samples as guidelines to meet your shops individual needs.

See Example Forms IV & V

C. Shrink

An understanding of COGS would not be complete without discussing shrink. Shrink occurs when flowers or products are lost, stolen, thrown away or wasted before being sold. The biggest cause of shrink in the design room is the practice of putting more flowers in an arrangement than were paid for. 10% has been established as an industry standard. It is a high percentage and your shop may do better. However, you would not want to do worse as this could throw your COGS way out of balance. It is impossible to eliminate

shrink altogether so include an allowance in your pricing to cover the difference. In other words, you should not find yourself throwing away more than one out of every ten flowers you buy. Add 10% of the cost of each item before marking it up and this will cover the 10% shrink factor.

See Example Form VI

V. Payroll

Payroll is the second largest continuing cost involved in running your business. Control in this area involves more than "keeping wages down." It means finding optimum staffing levels, at all levels of the pay scale. Almost all businesses have peaks and valleys. Holidays like Mother's Day, Valentines and Christmas are the big peaks. However, there are peaks and valleys during an average week as well.

A. Determining Staff Levels

To determine your normal non-holiday weekly staffing needs is to plot your weekly sales over a period of time. You will soon see that you have a fairly stable pattern of sales during each non-holiday week. Industry statistics indicate that a typical flower shop receives about 77% of its sales from regular, non-holiday business. This means that for every \$100,000 of annual sales you will have about \$1,500 of sales per non-holiday week. (Dividing \$77,000 by 52 weeks gives you \$1,480.77 — about \$1,500 — per week.) Don't assume that your weekly base will be split evenly from day to day. You will undoubtedly have daily fluctuations in your sales that are also quite predictable. To determine your normal daily fluctuations, keep a record of daily sales for at least four weeks. Find your average sale for each day of the week, and use that as a guideline to set staffing levels. By doing so, you won't be overstaffed. Too many shops staff for holiday levels year round.

See Example Form VII

B. Design Labor Costs

Industry statistics say that your labor costs for design should never be higher than 12-15% of retail sales if you want to keep control of your costs. During holidays when you can use production line techniques, this figure should drop. Using an example of \$684.00 average daily flower sales, divide \$684.00 by .15 or 15%. The answer is \$102.60. \$102.60 represents the maximum daily design wages that you should be paying for this level of sales. If your average designer costs \$7.00 per hour or \$56.00 per day, then you could have 1.83 designers working that day to stay within the target cost of design labor. Note: you can arrive at the same number by determining the amount of arrangements at retail that each designer should make in a day. At \$7.00 per hour, the designer's \$56.00 per day should be no more than 15% of his/her retail output. Dividing \$56.00 by .15 gives you \$373.33 into 684.00 and you get the same 1.83 designers needed. Knowing that these calculations work in both directions is helpful. You can either start with your sales to see how many designers are needed or start with your design wages to see how much output you should be getting out of the design room. Remember, the 15% design wage level should be a maximum and is based on the idea that the designer spends all their working hours designing. In most shops, a designer answers phones, processes flowers, waits on customers and sends wire orders. Try to determine how much time a designer actually spends designing during a day. It will vary greatly from shop to shop.

C. Contract vs. Employee

Contract vs. employee? Sometimes it is hard to tell. Independent contractors are not as likely to pay their taxes as reliably as employees who have them withheld. So, it is easier for auditors to track down one employee versus several employees. Therefore, the IRS has constructed a list of 20 common-law guidelines to determine a worker's status. The guidelines are vague and arbitrary, and not all of them apply in every case. It is a good suggestion to talk over your shop's particular status with your accountant or an IRS employee before determining this on your own. The penalties are severe if the IRS finds you have misclassified an employee.

Workers are generally considered employed if they:

1. Must comply with the employer's instructions about the work
2. Receive training from or at the direction of the employer
3. Provide services that are integrated into the business
4. Provide services that must be rendered personally
5. Are aided by assistants who are hired, supervised, and paid by the employer
6. Have a continuing working relationship with the employer
7. Must follow set hours of work
8. Work full-time for an employer
9. Do their work on the employer's premises
10. Must do their work in a sequence set by the employer
11. Must submit regular reports to the employer
12. Receive payments of regular amounts at set intervals
13. Receive payments for the business or traveling expenses
14. Rely on the employer to furnish tools and materials
15. Lack a major investment in the facilities or equipment used to perform the services
16. Cannot make a profit or suffer a loss from their services
17. Work for one employer at a time
18. Do not offer their services to the general public
19. Can be fired by the employer
20. May quit work at any time without incurring liability.

Source: The IRS

D. Payroll Taxes

Employers are required, by law, to withhold Social Security, Withholding and Medicare from an employee's wages. These taxes are collected by the business and remitted to the IRS on a regular or monthly basis as determined by the IRS. Each employer is assigned a Federal ID number. Contact your local IRS office for help before you ever open your doors for business. They will assist you in getting set up and help you determine how and when to file your forms. It is very important that you never spend the money you have withheld from your employee's wages. There are severe penalties if you do not remit it in full by the due date. Many a business has fallen into the trap of using this money to pay bills. If tempted to do so, set aside a separate checking or savings account and deposit into that account the employee withholdings immediately when you write payroll so the funds will be on hand when due. Money due the IRS from you and your business follows you to the grave. You still owe it even if you declare bankruptcy.

VI. WIRE SERVICE RECONCILIATION

Wire orders are one area that you cannot simply go to your accountant and hope that he/she understands. Accountants are generally unfamiliar with how wire services work. With some basic guidelines, wire service reconciliation can be easily understood.

A. Outgoing Wire Orders

There are four areas of outgoing wire orders to understand.

1. An outgoing wire order is a non-product sale. It has no COGS! (All florists need to separate their sales into product and non-product if they expect to control COGS.) If your accounting system combines outgoing wire orders with product sales, you will think you are doing a better job than you really are.

2. Wire service sales are not tax-exempt. Therefore, you must collect tax on an outgoing wire order and remit the required amount to the state.

3. Delivery and service charges should be a part of all outgoing wire sales. The service charge is your fee for handling the outgoing order. This may include the cost of time and labor as well as the cost of the long distance call or mercury/transmission charges to transfer the order. The delivery fee should be added on to the amount of the flowers so that when the filling florist takes your order and subtracts their delivery fee, your customer will get the full amount of flowers expected. Both the service charge and delivery fee should be listed under non-product sales as it is retained by the sending florist. The delivery charge should be added to the flower sale and the total passed on to the filling florist.

$$\text{Total Sale} = \text{Floral Item} + \text{Delivery} + \text{Service Charge} + \text{Tax}$$

4. As you ring up the wire sale and as your bookkeeper or accountant posts the sale, it is important to remember that the clearinghouse will bill you for 80% of the order and pass this amount along to the filling florist who fills and delivers your order. You, as the sending florist, will receive back from the clearinghouse a 20% commission for sending the wire order.

$$\text{Example: Sale } 100\% == 80\% \text{ to Filling Florist} + 20\% \text{ to Sending Florist}$$

B. Incoming Wire Orders

There are five areas of incoming wire orders to understand.

1. Fill each incoming wire order at 100% value. Be sure to deduct your local delivery charge from the order and fill it for the remaining amount. Otherwise your COGS will not be accurate.

2. Since an incoming wire order will use product, it must be rung up under the appropriate sales department at 100%. To keep records accurate for COGS purposes, you must ring up the sale at full value, less your delivery. Don't take out the sending florist's commissions here.

3. Remember that sales taxes are collected by the sending florist so you don't need to collect tax on an incoming wire order. You do, however, need a system of separating these non-taxable sales from taxable sales.

4. As you ring up the incoming wire order and as your bookkeeper or accountant posts the sale, it is important to account for it at 100% value. You will pay a commission of 20% of the order to the sending florist. This is an expense to you. You will also pay a commission to the clearinghouse which is typically 7% of the order. This is also an expense to you.

$$\begin{aligned} \text{Order } 100\% &= 20\% \text{ To Sending Florist} + \\ &7\% \text{ Commission To Wire Service} + 73\% \text{ To Filling Florist} \end{aligned}$$

5. As the filling florist, you must report the order to the wire service in order to be paid for filling the order. It will be entered onto your clearinghouse account and will show up on your monthly statement. This is important to do this if you want to be paid promptly. Most wire services have a very early cut-off date for the prior months activity.

See Example Form VIII

VII. MISCELLANEOUS

A. How To Control Expenses

1. Make sure your Profit and Loss or Income Statement has a detailed breakdown of your expenses. That will make tracking your expenses much easier. Use as many categories as necessary to keep track of the fixed and variable expenses as needed. Fixed expenses are those that are the same (insurance, rents, monthly service contract for yellow pages, trash collection, etc.) or repeat themselves every month. Variable expenses are those that change from month to month (flower costs, delivery expenses, office expenses, etc.) or repeat sporadically. Examine the variable expenses first. See if there are ways to lower or even cut these expenses. As sales go up, variable costs go up. As sales come back down from a holiday, these costs must also come down. Make a long range plan to reduce or control fixed costs.

2. Look at the largest expense items first. Improvement here will give the biggest returns. The two largest expenses that are often the reason for no profit shown at the end of the year are payroll too high for actual sales and COGS above 33% due to designers stuffing their arrangements. A shop that controls these two major items almost always shows a healthy profit. Don't be afraid to attack payroll and COGS. To ignore them certainly spells trouble.

3. Look at expenses that repeat every month. They can add up a lot over the year. Sometimes adjustments can be made here or items done without.

4. Find services that you hire-out that can be done in-house. Analyze how buying equipment instead of renting or leasing could save money.

B. Credit Card Reconciliation

Today, credit card sales are a must for every business. In order to be able to accept credit cards in your shop, you will need to sign up with a credit card processor to clear your credit card sales. This is done electronically over a credit card terminal that you lease or buy from your processor. Your processor can be a wire service or your bank. Shop around for the best discount rate which is typically 2-4% of the sale. Credit card sales are entered on the terminal at the time of the sale. At the close of the day, the terminal is balanced, and the gross credit card sales for the day are electronically transferred to your checking account, less the clearing fee. Credit card sales require much less time and effort than do in-house charge accounts.

C. In-House Accounts

House charge accounts will be requested by some of your customers. If you decide to offer them, there are a number of good computer billing programs. The key here is to bill on a regular basis and keep on top of accounts that are 30 or more days old. Cash flow can be hampered when your cash is tied up in 30-60-90 day old accounts. A good collection/credit policy is essential.

D. Cash Flow Forecasting and Budgeting

Sales forecasting can be a vital business tool. A good estimate of sales is essential for you to forecast your cash flow, determining your staff levels and to decide how much product to buy. By creating a cash flow budget for the coming year or for any period within the year, you will be able to establish goals and guidelines to follow. Once you have been in business for a while you can use your previous notes to set new goals for your shop. If you are a new shop, it is a little bit harder and will take a little more work. It is essential to have your sales divided into different categories and to remember that there will be peaks and valleys from month to month.

A good sales forecast, along with a good COGS and expense report from years past will help you set up a good budget. The budget will give you a good guideline for the upcoming year. It can be defined as the Profit and Loss Statement for "the upcoming year based on estimates.

See Example Forms IX & X

E. Sales Tax

Businesses are required to collect state sales tax on all taxable sales. Sales tax is generally collected on each sale and then remitted to the state on a monthly basis. Check with your state sales tax office before going into business. They will assign you a tax number and instruct you on remitting monthly sales tax.

REFERENCE LIST

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APPENDIX

DAILY RECEIPTS FORM

Instructions:

This form is used to record how payments on all your sales, sales taxes and receivables were made. It helps you calculate cash over/under for the day. In conjunction with the Daily Sales Form, it prepares the entries needed for your cash receipts, cash flow forecasting and budgeting reports.

STEP 1

Every day, get a summary tape from your cash register. After taking all the day's receipts out of the drawer, count out your normal change fund and return that to the drawer to begin the next day.

STEP 2

Using the summary tape, enter the sales, sales taxes and payment or accounts information in the appropriate register column.

STEP 3

Count each kind of receipt and enter these totals in the appropriate register column.

STEP 4

Follow the instructions next to the various total, and calculate your +/-.

DAILY RECEIPTS FORM

Date _____ Day of Week _____ Initials _____ Comments _____

Item	Reg #1
Regular Sales	1 _____
Tax Exempt Sales	2 _____
Total Sales (1+2)	3 _____
Sales Taxes	4 _____
Payment On Accts	5 _____
Account For (3+4+5)	6 _____
Coins	7 _____
Currency	8 _____
Checks	9 _____
Total Cash (7+8+9)	10 _____
Credit Cards	11 _____
Gift Certificates	12 _____
Employee Discounts	13 _____
Discounts	14 _____
Total Non-Cash (11+12+13+14)	15 _____
House Charges	16 _____
Wires Receivable	17 _____
Total Charges (16+17)	18 _____
Cash +/- (10+15+18-6)	_____

DAILY SALES FORM

Instructions:

This form goes hand in hand with the Daily Receipts Form. It is used every day to record your sales for each of the various sales departments.

STEP 1

Using your summary tape from your cash register, enter the sales for every department/account in the appropriate column.

STEP 2

Total sales. This must match line three of the Daily Receipts Form. If the totals do not match, you have made an error. Determine where the error is and correct it.

STEP 3

File this form together with the Daily Receipts Form for the day. Keep these as permanent records of your cash receipts and sales.

DAILY SALES FORM

Date _____ Day of Week _____ Initials _____ Comments _____

Sales Depts/Accounts	Reg #1
Silk/Dried	_____
Flowers-Loose	_____
Flowers-Arranged	_____
Green Plants	_____
Blooming Plants	_____
Gifts 1	_____
Gifts 2	_____
Service Charges	_____
Wires Out	_____
Delivery	_____
Gift Certificates	_____
Miscellaneous	_____
Labor	_____
Total Sales	_____*

*Should match Line 3 on Daily Receipts Form.

DAILY SALES COMPARISON FORM

Instructions:

This form is used to compare daily and month-to-date sales with the sales for the same period last year. Generally, you will want to compare the same day of the week rather than the same date. Sales vary more by day of the week than by date. Some of the big holidays are an exception to this rule. During these periods you may want to keep another set of forms to track results by the number of days before the holiday.

STEP 1

For each department, enter the daily sales for this year from the Daily Sales Form (Form II). Total the various subgroups.

STEP 2

For each department, add the daily sales and subtotals to the previous day's month-to-date sales in the This Year column and enter the result into the This Year column.

STEP 3

Enter the daily and month-to-date sales for the same day of the week from the previous year's form into the Last Year columns. (The same day of the week is usually one date earlier the previous year. For example, Monday, January 1 in one year will generally match up to Monday, December 31 the previous year. Leap years will throw this off by another day. You will find the matching day easily by looking at the Day of Week indicated at the top of the previous year's form.)

STEP 4

Subtract the Last Year columns from the corresponding This Year columns to get the \$ Change.

STEP 5

Divide the \$ Change columns by the Last Year columns to get the % Change.

STEP 6

Note the Comments line at the top of the form. You might want to mention anything unusual that could have affected sales — exceptional bad weather or some other unusual event. Over time you will be able to see what kinds of weather and events affect your sales.

DAILY SALES COMPARISON FORM

Date _____ Day of Week _____ Initials _____ Comments _____

Sales Dept/Account	This Year	Last Year	Individual Day		This Year	Last Year	Month-To-Date \$	Month-To-Date %	Change*
			\$	%					
Silk/Dried	_____	_____	_____	_____	_____	_____	_____	_____	_____
Flowers — Loose	_____	_____	_____	_____	_____	_____	_____	_____	_____
Flowers — Arranged	_____	_____	_____	_____	_____	_____	_____	_____	_____
Total Flowers	_____	_____	_____	_____	_____	_____	_____	_____	_____
Green Plants	_____	_____	_____	_____	_____	_____	_____	_____	_____
Blooming Plants	_____	_____	_____	_____	_____	_____	_____	_____	_____
Total Plants	_____	_____	_____	_____	_____	_____	_____	_____	_____
Gifts 1	_____	_____	_____	_____	_____	_____	_____	_____	_____
Gifts 2	_____	_____	_____	_____	_____	_____	_____	_____	_____
Total Gifts	_____	_____	_____	_____	_____	_____	_____	_____	_____
Total Product Sales	_____	_____	_____	_____	_____	_____	_____	_____	_____
Service Charges	_____	_____	_____	_____	_____	_____	_____	_____	_____
Wires Out	_____	_____	_____	_____	_____	_____	_____	_____	_____
Delivery	_____	_____	_____	_____	_____	_____	_____	_____	_____
Gift Certificates	_____	_____	_____	_____	_____	_____	_____	_____	_____
Miscellaneous	_____	_____	_____	_____	_____	_____	_____	_____	_____
Labor	_____	_____	_____	_____	_____	_____	_____	_____	_____
Total Non-Product Sales	_____	_____	_____	_____	_____	_____	_____	_____	_____
Total Sales	_____	_____	_____	_____	_____	_____	_____	_____	_____

* Divide "\$ Change" column by "Last Year" column

DESIGN ROOM COST CONTROL FORM: FROM COST UP

Instructions:

Use this form to determine the price you should charge for an arrangement, given the materials and product it contains.

STEP 1

Enter the arrangement name, date and designer at the top of the form.

STEP 2

Enter the name, quantity and retail price for all the fresh and other products in the arrangement (not including container and supplies). Multiply the quantity times the retail price to calculate the charge for each separate product. Add all these amounts to get the Total Fresh & Other Products.

STEP 3

Enter the amount expended for supplies, container and labor (if you charge separately for this). Add these three amounts to the Total Fresh & Other Products to get the Total Retail Price of the arrangement.

STEP 4

If you have put into the arrangement any items for which you don't want to charge, fill in the Non-Charged Extras section at the bottom of the form. Note: you should rarely have anything in an arrangement that is not charged to the customer. However, when you do, this will make you aware of how much you are giving away.

DESIGN ROOM COST CONTROL FORM: FROM COST UP

Date: _____ Designer: _____
 Arrangement Name: _____

Fresh & Other Products

Item	Quantity	X	Retail Price	=	Amount
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
Total Fresh & Other Products					_____ 1
Supplies					_____ 2
Container					_____ 3
Labor					_____ 4

Total Retail Price (1+2+3+4) _____

Non-Charged Extras

Item	Quantity	X	Retail Price	=	Amount
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____

DESIGN ROOM COST CONTROL FORM: FROM PRICE DOWN

Instructions:

Use this form to determine what you can put into an arrangement for which you have a target price. By using this form you will insure that you stick to your pricing formulas and meet your Cost Of Goods Sold (COGS) targets.

STEP 1

Enter the arrangement name, date and designer at the top of the form.

STEP 2

Enter the target retail price. Then determine if you need to allocate some of the price to a labor charge.

STEP 3

Next indicate the retail price of the container and supplies in the arrangement.

STEP 4

Subtotal the amounts for labor, container and supplies. Subtract that subtotal from The Retail Price of the arrangement to get the Amount Available For Fresh & Other Products.

STEP 5

Enter the name, quantity and retail price for all the fresh and other products you want to put in the arrangement. Multiply the quantity times the retail price to get the charge for each product.

STEP 6

Total all the amounts in the Fresh & Other Products section. Subtract; this sum from the Amount Available For Fresh & Other Products. If this is less than zero, you will need to eliminate some of the Fresh & Other Products. If it is greater than zero, you can add more Fresh & Other Products.

STEP 7

If you have put into the arrangement anything for which you don't want to charge, complete the Non-Charged Extras section at the bottom of the form. Note: you should rarely have anything in an arrangement that is not charged to the customer. However, when you do, this will make you aware of how much you are giving away.

DESIGN ROOM COST CONTROL FORM: FROM PRICE DOWN

Date: _____ Designer: _____
 Arrangement Name: _____

Note: If the total on line eight is less than zero, try again. You've used too much product. Eliminate the number of Fresh & Other Products necessary to stay within the amount available for those products.

The Retail Price	_____	1
Labor	_____	2
Container	_____	3
Supplies	_____	4
 Subtotal (2+3+4)	 _____	 5
 Amount Available for Fresh & Other Products (1-5)	 _____	 6

Fresh & Other Products

Item	Quantity		Retail Price		Amount
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____
Total Fresh & Other Products					_____ 7
Balance (6-7)					_____ 8

Non-Charged Extras

Item	Quantity		Retail Price		Amount
_____	_____	X	_____	=	_____
_____	_____	X	_____	=	_____

SHRINK CONTROL FORM

Instructions:

Use this form to track all the shrink in your shop. A copy should be placed at the receiving cooler, in the design room and at the sales cooler. Any arrangements lost or damaged during delivery should be accounted for on the design room shrink control form when they are replaced or fixed.

STEP 1

Be sure to indicate the location of each form and the date (s) it covers.

STEP 2

Briefly describe the item so the correct cost can be determined

STEP 3

The individual making each shrink entry should initial the appropriate line. If there is a question or problem later on, you'll know who to ask.

STEP 4

Mark down the Retail Price of the item and the number of items thrown away.

STEP 5

Multiply the Cost times the Total Number to get the Total Cost lost to shrink for that line.

STEP 6

Finally, total each Shrink Control form. At the end of the month, total all the forms to get your total shrink for the month. Determine whether the level you are experiencing is too high and where the greatest loss is taking place.

STAFFING CONTROL WORKSHEET

Instructions:

Use this form to determine optimum staffing levels for each day of the week in light of sales volume.

STEP 1

Choose four weeks of sales data typical of the time period for which you want to determine staffing requirements. For each week, fill in the dates and enter the sales by day in the appropriate column. (This form can also be used for staffing an individual holiday week by filling in only the estimated sales for each day of that week under the Average Sales column.)

STEP 2

Working left to right, add the sales for each day for the four typical weeks. Enter those daily totals in the Total Sales column. Next divide the Total Sales by 4 to get the Average Sales.

STEP 3

Determine the average amount of sales you expect each employee to handle and enter that amount in the \$/Emp Per Day column. (This form can be used for staffing any area of your shop. For designers, determine the average amount of sales you expect to be handled by each salesperson.)

STEP 4

Divide Average Daily Sales by the \$/Emp per Day to determine the number of people you need each day of the week.

STAFFING CONTROL WORKSHEET

Date: _____ Initials: _____

Weekday	Sales Week 1 (dates)	Sales Week 2 (dates)	Sales Week 3 (dates)	Sales Week 4 (dates)	Total Sales	Average Sales	\$/Emp Per Day	Employees Required
Sunday	+ _____	+ _____	+ _____	+ _____	= _____	÷ _____	÷ _____	= _____
Monday	+ _____	+ _____	+ _____	+ _____	= _____	÷ _____	÷ _____	= _____
Tuesday	+ _____	+ _____	+ _____	+ _____	= _____	÷ _____	÷ _____	= _____
Wednesday	+ _____	+ _____	+ _____	+ _____	= _____	÷ _____	÷ _____	= _____
Thursday	+ _____	+ _____	+ _____	+ _____	= _____	÷ _____	÷ _____	= _____
Friday	+ _____	+ _____	+ _____	+ _____	= _____	÷ _____	÷ _____	= _____
Saturday	+ _____	+ _____	+ _____	+ _____	= _____	÷ _____	÷ _____	= _____
Total	+ _____	+ _____	+ _____	+ _____	= _____	÷ _____	÷ _____	= _____

WIRE SERVICE STATEMENT FORM

Instructions:

Use this form each time a wire service statement is received. A wire service statement presents a complex accounting challenge because it contains so many separate items that need to be accounted for in specific ways. This form shows how to handle the most important and most common of these items. In addition, it allows for other miscellaneous items that might appear on a given statement.

STEP 1

Fill in the appropriate amount for each of the specific items indicated. (Not all of these will appear on every statement.) Note: The incoming wires commission is usually 27% (20% to the sender and 7% to the wire service). FTD breaks the wire service commission into two parts — clearinghouse fees and marketing advances. Just add both to the sender's commission.

STEP 2

Enter other miscellaneous debits (+) and credits (-) under the appropriate categories.

STEP 3

If you are receiving money from the wire service, enter the net amount as a debit (+) on the Net Cash line. If you are paying money to the wire service, enter the amount as a credit (-) to the Net Cash line.

STEP 4

Total both the debit (+) and credit (-) columns. They must equal. If they aren't, you have made a mistake and should check your work.

STEP 5

If you are receiving money from the wire service, this entire form needs to be entered into the general ledger as a journal entry at the end of the month. (Remember not to double count for the amount received. Do not enter this check through any other cash receipts journal.) If you are paying money to the wire service, use your payables program to enter this information into the general ledger. When you write the check, make sure you indicate all the debit (+) and credit (-) entries.

WIRE SERVICE STATEMENT FORM

Date _____ Initials _____

Use one copy of this form for each wire service statement you receive.

Description	Debit (+)	Credit (-)
Outgoing wires (gross) (Wires Payable/BAL)	_____	
Outgoing wires (20% comm) (Wires Payable/BAL)		_____
Incoming wires (gross) (Wires Receivable/BAL)		_____
Incoming wires (comm*) (Wire Ser Exp/P&L)	_____	
*Usually 20% sender and 7% wire service.		
Membership dues (Wire Ser Exp/P&L)	_____	
Rebates (Misc. Income/P&L) *		_____
AFMC/coop/directory (Advertising Exp/P&L)	_____	
Credit Card (gross) (Credit Card Rec/BAL)		_____
Credit Card charges (Credit Card Chg/P&L)	_____	
Convention expense (Convention Exp/P&L)	_____	
Arrangement product purchases (Inventory/BAL)	_____	
Other Debits		
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Other Credits		
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Net Cash (if deposited-debit/if paid - credit)	_____	_____
Balancing Totals [debits (+) must equal credits (-)]	_____	_____

ANNUAL BUDGETING

Instructions:

Use this form to budget for the upcoming year. Complete all instructions for each month of the year.

STEP 1

Fill in your projected sales for all categories of product and non-product sales. Total the product and non-product sales. Add the two together to get Total Sales. You can base your estimate of each month's sales upon your shop's history or upon your best guess using industry averages.

STEP 2

Multiply each product sales dept/account by its expected COGS percentage to determine what your COGS should be. Fill in the appropriate COGS lines. (Note: You may have more than one sales dept/account for a given COGS account. If so, simply multiply the COGS percentage for each of the sales dept/accounts times the expected sales for that dept/account and add all of the resulting figures together to get the Total COGS for that dept/account.)

STEP 3

Total the COGS for each month. Subtract Total from Total Sales to get your Gross Profit for the month.

STEP 4

Complete and total all the expense accounts for each month.

STEP 5

Subtract Total Expenses from Gross Profit to determine the expected Net Profit for each month.

STEP 6

Total all twelve months to get the Annual Total for each account. Add the totals of the product and non-product sales to check the Total Sales for the year. Subtract the Total COGS from the Total Sales to check your Gross Profit for the year. Subtract Total Expenses from Gross Profit to check your Net Profit for the year. Correct any math errors.

Annual Budget Form

Date _____ Initials _____

Account	JAN.	FEB.	MAR.	APR.	MAY.	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
Product Sales												
Silk/Dried												
Flowers — Loose												
Flowers — Artificial												
Green Plants												
Blooming Plants												
Gifts 1												
Gifts 2												
Total Product												
Non-Product Sales												
Service Charges												
Wires Out Commission												
Gift Cards												
Interest Income												
Miscellaneous												
Labor												
Total Non-Product												
Cost of Goods Sold												
Silk/Dried												
Flowers — Loose												
Flowers — Artificial												
Green Plants												
Blooming Plants												
Gifts 1												
Gifts 2												
Total COGS												
Gross Profit												

CASH FLOW FORECASTING

Instructions:

Use this form to forecast your cash flow for the coming year or any period within the year. Cash flow forecasting may appear a little complex, but once you grasp the basics the process will go quite quickly. Note: To do a cash flow forecast you must first complete a budget.

STEP 1

Determine what percentage of the typical month's sales will be in the form of charge sales and what percentage will be in the form of cash (cash, checks or bank cards).

STEP 2

Look at your Budgeting Form (Form IX). For each month, multiply the percentages from STEP 1 times the monthly Total Sales on the Budgeting Form and enter the Charge Sales and Cash Sales in their appropriate columns.

STEP 3

Now comes the tricky part. For purposes of this forecast, assume that 100% of a given month's charge sales will be received within the following three months. Determine what percentage of the charges will be paid in month 1, month 2 and month 3. For example, you may estimate that 60% of the receivables will be collected in month 1, 30% in month 2 and 10% in month 3. Enter the percentages you decide upon at the top of columns B, C and D, respectively.

STEP 4

Every month you will be collecting some money on Charge Sales made in each of the last three preceding months. For example, in June you will be collecting some percentages of the Charge Sales made in May, April and March. To determine the amounts that will be collected in a given month, multiply the percentages shown under columns B, C, and D times Charge Sales for the three previous months, respectively. The form makes all the calculations in columns B, C and D easy, in each case showing the month and the percentage which is to be applied to its Charge Sales.

STEP 5

To get Total Cash for the month (column E), simply add the figures in columns A, B, C and D.

STEP 6

From your Annual Budget Form, enter Monthly COGS and Monthly Expenses into columns F and G.

STEP 7

Subtract Monthly COGS and Monthly Expenses from Total Cash to get the Monthly Net Cash (column H). This figure tells you whether you gained (+) or lost (-) cash during the month.

STEP 8

Enter your beginning cash (Begin \$) on the first line of the Cumulative Cash column (column I). For each month, add Monthly Net Cash to the previous month's Cumulative Cash to determine your current Cumulative Cash. As long as the number in the Cumulative Cash column is positive you will not run out of cash. If the number in the Cumulative Cash column becomes negative, you will need to supplement your cash position. Added funds can come from increased sales, decreased expenses or outside money being put into the company.

CASH FLOW FORECAST FORM

	Date _____	Initials _____		A	B	C	D	E	F	G	H	I
	Charge Sales	Case Sales	Charge 1 Month (____%)	Sales Paid 2 Month (____%)	From 3 Month (____%)	Total Cash	Monthly COGS	Monthly Expenses Net Cash	Monthly Net Cash	Cumulative Cash		
1	JAN.	(Jan)	(Dec*)	(Nov*)	(Oct*)	(A+B+C+D)	(Jan)	(Jan)	(E-F-G)	(Begin \$)		
2	FEB.	(Feb)	(Jan)	(Dec*)	(Nov*)	(A+B+C+D)	(Feb)	(Feb)	(E-F-G)	(H1+Begin\$)		
3	MAR.	(Mar)	(Feb)	(Jan)	(Dec*)	(A+B+C+D)	(Mar)	(Mar)	(E-F-G)	(H2+/1)		
4	APR.	(Apr)	(Mar)	(Feb)	(Jan)	(A+B+C+D)	(Apr)	(Apr)	(E-F-G)	(H3+/2)		
5	MAY.	(May)	(Apr)	(Mar)	(Feb)	(A+B+C+D)	(May)	(May)	(E-F-G)	(H4+/3)		
6	JUN.	(Jun)	(May)	(Apr)	(Mar)	(A+B+C+D)	(Jun)	(Jun)	(E-F-G)	(H5+/4)		
7	JUL.	(Jul)	(Jun)	(May)	(Apr)	(A+B+C+D)	(Jul)	(Jul)	(E-P-G)	(H6+/5)		
8	AUG.	(Aug)	(Jul)	(Jun)	(May)	(A+B+C+D)	(Aug)	(Sep)	(E-F-G)	(H7+/6)		
9	SEP.	(Sep)	(Aug)	(Jul)	(Jun)	(A+B+C+D)	(Sep)	(Sep)	(E-F-G)	(H8+/7)		
10	OCT.	(Oct)	(Sep)	(Aug)	(Jul)	(A+B+C+D)	(Oct)	(Oct)	(E-F-G)	(H9+/8)		
11	NOV.	(Nov)	(Oct)	(Sep)	(Aug)	(A+B+C+D)	(Nov)	(Nov)	(E-F-G)	(H10+/9)		
12	DEC.	(Dec)	(Nov)	(Oct)	(Sep)	(A+B+C+D)	(Dec)	(Dec)	(E-F-G)	(H11+/10)		

*Means months from previous year