

Garden Delights

Sunny M. Day
Lilac Shores, Michigan
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Executive Summary

Garden Delights is a limited liability company that offers a full service floral shop. It is committed to providing high customer satisfaction by offering excellent service and quality products, at a competitive price. The florist is concerned with maintaining a friendly, fair, and creative work environment for employees, clientele, and the community at large. The business owner, Sunny M. Day, will provide services that include floral arrangements for occasions such as weddings, funerals, prom/homecoming events, and calendar holidays. The designers' creative touch will attract an assortment of customers.

The florist is located in Soil, Michigan. It will provide service to surrounding communities in Daisy County, but mainly to the Lilac Shores community. The company's mission is to supply quality service and superior floral products that will enhance customers' special occasions.

Garden Delights is in need of a loan in order to achieve its objections. The florist expects to generate \$140,000 in sales the first year, \$168,000 during the second year, and \$201,000 after three years of operation. Thus, the business needs a \$125,000 loan at seven percent interest for five years, prior to the start of its operations. The financing will help the business with necessary things such as capital, fixed expenses, equipment, and inventory.

The owner will make all management decisions for the company. There will be two full-time employees designing floral arrangements and operating the store. The florist will operate Monday through Friday from 9:00 a.m. to 6:00 p.m., Saturday 9:00 a.m. until 4:00 p.m., and closed on Sunday.

The company's target market will contain customers that are located within a five mile radius of downtown Lilac Shores. The florist's main customers will have their permanent address located in Daisy County and particularly in Lilac Shores. Garden Delights' niche market has a household income of \$40,000-\$100,000. With the income demographics, there are potentially 2,609 customers within this geographic area. The florist's best customers want high quality and unique floral designs. These customers will make a purchase at the florist on average six times a year. The target market is willing and able to spend their disposable income on floral arrangements.

The florist offers many products and services to meet their customers' needs. It has a unique product mix, a convenient location with accessible parking, quality products, superior customer service, delivery options, and higher prices due to the exceptional reputation. Garden Delights has a competitive advantage over other florists in the area because it has certified floral designers, and offers a unique design to help a customer send any emotion.

Introduction

Garden Delights is a full service floral shop. It is committed to providing high customer satisfaction by offering excellent service and quality products, at a competitive price. The florist is concerned with maintaining a friendly, fair, and creative work environment for employees, clientele, and the community at large. The business and owner, Sunny M. Day, will provide services that include floral arrangements for occasions such as weddings, funerals, prom/homecoming events, and calendar holidays. The designers' creative touch will attract an assortment of customers.

The florist is located in Soil, Michigan. It will provide service to surrounding communities in Daisy County. Although it is a seasonal and resort area, the company will succeed in performance due to the personal relationships formed with recurring customers. The company's mission is to supply quality service and superior floral products that will enhance customers' special occasions.

Garden Delights is in need of a loan in order to achieve its objections. The business needs a \$125,000 loan prior to the start of its operations. The financing will help the business with necessary things such as capital, fixed expenses, equipment, and inventory. This loan will be repaid from the cash flow from the business. The first loan payment will be made during the first month of business. The owner's character and experience support this loan.

Industry Analysis

Garden Delights is in the retail floral industry. The NAICS code is 123456. Florists design arrangements per customer request or for store displays. In addition, florists offer a variety of miscellaneous items such as balloons, cards, and vases.

In a world trade article, it stated that the wholesale value of the global flower market is worth \$24.68 billion. Thus, it is evident that the flower industry is a popular segment throughout the world. Ira Silvergleit, researcher and marketer for the Society of American Florists, explains in 2004 that the nationwide size of the floral industry is \$19.5 billion. Floral retail consists of 22,753 businesses and is worth \$6.6 billion. Average sales for independent and corporate retail florists are \$290,000. This industry data was compiled by a phone interview with Silvergleit. His findings reflect the 2002 U.S. Economic Census which is published every five years.

A significant piece of information that is relevant to Garden Delights is in 2003 there were 1,500 retail florists in Michigan. The average yearly sales in Michigan were between \$350,000 and \$400,000. This is an important factor because it illustrates higher sales than the national average.

Over the past few years there are three obvious growth trends within the industry that Silvergleit explained during the interview. First, sales growth is increasing. Second, though a few flower chains have developed over the years, independent florists continue to dominate the retail industry. The third major trend affecting the industry is the number of retail florists is decreasing significantly. This is due to the fact that other outlets are entering the industry. For instance, some outlets include grocery stores, large retailers such as Wal-Mart, online stores, and the idea that consumers are buying directly from the grower. Thus, it is extremely hard for traditional, independent retailers to compete with these other companies.

With these trends in the industry, many opportunities and risks evolve. An opportunity for most florists would be to engage in e-commerce and sell their services and products online. This would create a larger clientele base for a florist. Many florists should take advantage of the technology because it is an important resource in today's society. A specific risk for any florist or business owner opening a new business is the issue of bankruptcy. It is a risk for companies to start a business when there is trouble competing or it is an unattractive industry. Therefore, since many non traditional florists have entered the market, it is threatening for some florists to survive.

Within the industry there are some concerns with seasonality issues. For instance, the number of customers varies during the summer versus the winter months. Also, customers demand different flowers for different seasons, so the weather is a major factor for the business. Lastly, the calendar holidays affect the overall operations of the business because some holidays generate more sales growth than others such as Valentine's Day and Mother's Day. It is

essential for companies to have efficient suppliers to provide high quality products at any time of the year.

There are numerous types of people that purchase flowers. According to Silvergleit from the Society of American Florists, the typical customer is a middle aged woman, with an upper income, and does not have to work. An interesting factor within the industry is that only 16% of flower purchases are for calendar occasions.

Silvergleit predicts that the retail floral industry will continue to have sales growth and the number of retail florists will decrease. The decrease in traditional retail florists will be caused by other outlets, low profit margins, stiff competition, fluctuating fuel costs, advertisement costs, and losses on perished products. Although there are some uninviting future trends in the industry, a florist continues to be an easy profession to get into and prosper.

Organization

Garden Delights is a limited liability company owned by Sunny M. Day. The company will operate in Lilac Shores, Michigan. One step the florist will have to perform in order to become a LLC is file articles of organization. The company has to file articles of organization with the Secretary of State and pay the required fees. Articles may be prepared by a lawyer or filed by the owner.

The business will provide utmost customer service. Garden Delights will provide high quality, cut flowers and arrangements to local and national consumers. The company provides the community with floral services for occasions such as weddings, funerals, prom/homecoming events, and calendar holidays. The designers' creative touch and the positive business environment will attract an assortment of customers.

The florist will have insurance coverage through Insurance Plus in Lilac Shores. Insurance Plus provides these insurance estimates to help with projected costs. The annual insurance premium for general liability, workman's compensation, key-person, and automobiles is an estimate of \$3,336. The annual premium for general liability is \$1,075. This covers any damage to flower coolers, computer, software system, or anything that deals with the business and its operations facility. An estimated annual premium for worker's compensation for two employees is \$872 based on payroll of \$55,000 a year. The key-person is worth \$150,000 and has an annual insurance premium of \$175. The company will have one delivery van. The delivery van is a 2001 Chevrolet Astro and full coverage is \$1,414 annually.

A potential attorney is John Doe, Attorney at Law of Lilac Shores. The attorney is located close to the company in case legal issues evolve. The owner, Sunny M. Day, will do everything regarding payroll and state taxes. Hill, Grass & Co., LLP will provide year end taxes for the company. In addition, the company is a client of the Michigan Small Business & Technology Development Center and is receiving on-going assistance in business development.

The florist needs to file the company with the state of Michigan in order to operate. It is required to pay the fees of fifty dollars in order to acquire a business name as a limited liability company. Since the florist engages in retail sales from a Michigan location, it needs a sales tax license. In addition, it employs more than one employee and is obligated to withhold federal income tax and Michigan income tax from wages paid to employees.

The florist expects to make \$140,000 in sales the first year of operation. It would like to see sales grow at a steady rate over the next few years. The company has a goal of reaching \$168,000 in the second year, and \$201,000 in three years. Garden Delights is a local company that will provide superior customer service and quality which will aid in the development of the overall business.

Management

Garden Delights is owned by Sunny M. Day, who provides quality floral products and superior customer service. The owner makes all of the management decisions for the company. For the first year of operations, there will be two full time employees. The employees consist of the owner, who will not withdraw a paycheck the first year of business, and an additional employee, who will cost the business annually \$20,796. They will design and assemble the flower arrangements. Besides the owner, the position that will be filled will require the employee to have certification in floral design and background experience in retail, preferably at a florist. Both employees will operate the cash register/computer system, greet customers, monitor the store, and make deliveries. Also, the owner will hire additional part-time employees and pay them an hourly wage of nine dollars to help when calendar holidays and contracts for weddings or funerals arise.

The biggest challenge for the florist is whether or not to provide health care benefits to employees, since health care costs are significantly rising. Consequently, the company will provide health care benefits to both full-time employees during the first year of operations. Health care will cover co-pays for office calls and prescriptions. Health care costs per month will be approximately \$252.00 per person using Blue Cross Blue Shield of Michigan. It is estimated that health care costs for the following year will increase anywhere between eight and ten percent. The employee may take vacation and sick days, but they are unpaid.

The owner will formulate an interview process for potential employees. In addition, Day will observe and watch various ratios such as activity, leverage, and profitability to determine the growth of the company. By looking at these ratios, the owner can conclude what kinds of changes need to be made or stay the same in inventory, debt financing, or human resources. The owner controls what floral products and supplies the company will purchase. However, the other employee has some empowerment because the owner allows the employee to order products from suppliers. This enables the owner to spend more time on orders and provide the employee with more tasks and responsibilities. Raises will be given on a yearly basis depending on how profitable the florist was that specific year.

The florist's growth and profitability during its second and third years of operation will determine the owner's decision of providing more full-time positions. If the company generates substantial sales and returns, then there is an opportunity for another floral designer. In the future, potential employees need to contain great experience in floral retail and designer certifications. Future positions will include the same current full-time position requirements and duties. It is possible by the end of the third year there will be two to three full-time employees and additional part-time help for contracts. Full-time employees' wages will generally stabilize around ten dollars an hour and have potential increase in latter years. The owner will withdraw a paycheck starting the second year of operation. Day will receive a little over sixteen dollars per hour with an annual salary of \$34,800. In addition, future health care costs will be extremely high. It is undetermined at this point if benefits will be available in the future for additional full-time employees besides the owner.

Training will be required among employees. The owner will provide a training session for three days teaching the employee how to operate the cash register and computer system. Learning the computer system will enhance employees' capability to create orders, and gather and enter customer information into the database at the point of sale. Furthermore, during the three days of training, the owner will give hands-on sessions of how to create various types of floral arrangements and designs. Then, the employee will have to design an arrangement of their own to prove to the owner that they have top quality and knowledge of the retail floral industry. In order to benchmark the company's operations and management decisions, performance appraisals on employees are performed on a yearly basis.

Garden Delights has an extraordinary business that offers superior quality and service to their customers. Both management and employees provide unique floral designs with friendly smiles to consumers who walk into the store.

Operations

Garden Delights has numerous day to day activities that impact the overall success of the business. Since it is a small, local company within Daisy County, the overall operations are not as demanding as if it were a franchise or corporation. The legal owner and sole proprietor, Sunny M. Day, will make all company decisions regarding the general procedures of the business. The florist will operate Monday through Friday from 9:00 a.m. to 6:00 p.m., Saturday 9:00 a.m. until 4:00 p.m., and closed on Sunday.

Essential items the business will need include:

- Rental space (1200 square feet)-\$1000 per month
- Coolers/Refrigerating system-\$1200 (start up cost)
- Work tables/benches and shelving-\$1500 (start up cost)
- Helium tank-\$125 (start up cost)
- Flowers/Inventory- Year 1: \$37,500; Year 2: \$50,000
- Delivery van-\$15,000
- Floral Accounting Systems/Computer-\$5000 (start up cost)

There are a few other disposable supplies that the florist will need such as floral supplies, vases, balloons, ribbon, and cards and cardholders.

Garden Delights will have two full time employees. The employees consist of the owner and an additional employee in which they will design and assemble the flower arrangements. Both employees will operate the cash register, greet customers, monitor the store, and make deliveries. However, the owner will hire additional part-time employees to help when holidays and contracts arise. The company will have one employee on the floor at all times in order to help prevent theft.

A current technological issue involving florists around the country is the use of wire services. This is where florists are affiliated with wire services that handle long distance orders by telephone. An obstacle for traditional florists is being able to generate a profit after using and paying fees to wire transfer companies. The internet is another technology issue. Some florists are moving towards operating via the internet. A future technological concern for florists is the domination of wire transfer systems and the internet within the retail floral industry.

In 2004, the Society of American Florists illustrated that imports of flowers account for approximately 70% of fresh cut flowers sold in the United States. The top import country to the U.S. was Colombia, and California was the top growing state according to the Society of American Florists in 2004. Garden Delights will need various suppliers to operate the business. Some suppliers will include the growers or importers of flowers, airlines to transport the perishable flowers, wholesalers, and suppliers for miscellaneous products including vases and

balloons. Chain of distribution will be from growers/importers to wholesalers, to retailers, and finally to the end customer.

The company will limit the amount of inventory on the highly perishable products such as roses. Since flowers are perishable, the employees will have to monitor the inventory closely by measuring the length of time in inventory. Inventory will be entered into an inventory management system upon delivery. In order to have quality control on the inventory, the owner will have to get rid of the waste after a certain period of time. Different flowers have different life spans, so when flowers begin to wilt, they will be discarded. If some flowers are not selling, the company will either discount the product or donate to an organization, local school, or church.

Garden Delights has a structured process to design and assemble floral arrangements. Customers will call and express a need for the company's products. Next, the company will create an arrangement, sell, and deliver the product. The business will receive a cash or credit card payment from the customer upon completion of the project. Finally, the most significant part of the process is to have returning customers. The company wants to provide personal relationships with customers and superior service since it is a local company. The florist will respond to customer complaints with positive actions. The company will give a customer a discount if there is a particular problem involving service, quality, or delivery time.

Operations are an important part of the business. The company uses several benchmarking tools in order to monitor the overall process. Some tools include:

- Break even analysis
- Customer satisfaction (surveys on quality and delivery)
- Monitoring customers (where are they coming from)
- Number of customers on a certain holiday
- Monitor inventory (number of products sold and length of time in inventory)
- Amount of waste
- Repeat business

Garden Delights includes the essential items in order to function on a daily basis. It is important for the company to maintain efficient and effective operations in order to succeed in the floral industry.

Competitive Analysis

Florists operate in a very competitive industry. An individual can easily locate a florist anywhere throughout the country whether it is online or a brick and mortar store. The florist competition in Daisy County is quite high. There are fifteen florists located in Daisy County to serve a population of 36,421. All of the florists in this area have fewer than ten employees. Two florists in Lilac Shores and Stone City have sales under \$200,000. However, two other Stone City florists sell \$200,000-400,000 in sales. The sole florist in Norton generates between \$200,000 and \$400,000 in revenue. Average florist sales in Daisy County are \$100,000. Overall, it is evident that florists in Daisy County generate a small amount of sales and compete on an everyday basis.

A specific competitor in Daisy County is flowers from Flowers from Heaven. This florist is located in Stone City, Michigan. The florist is Michigan certified and has master designers. They have a variety of products that include fresh flowers, green and blooming plants, fruit and gourmet baskets, stuffed animals, and balloons. Flowers from Heaven serves several types of customers. For instance, they provide quality products for walk-ins, local businesses, and worldwide customers. The florist's competitive advantage is that they are committed to providing nothing less than the finest flowers, backed with service that is fast, friendly, and professional.

The following analysis explains Flowers from Heaven's strengths, weaknesses, opportunities, and threats.

Strengths

- Advertising/Marketing: business cards, word of mouth, vehicle, local newspaper, internet
- Certified, master designers
- Staff is dedicated to customers' orders
- Online store along with brick and mortar
- 24 hour online catalog and ordering
- Hours of operation: open six days a week: Monday-Saturday
- Central, convenient location
- Large amount of inventory
- Product variety: fresh flowers, plants, balloons, fruit baskets
- Same day delivery in Daisy County
- Domestic delivery: U.S. and Canada
- International service
- Brand identity: FTD floral products
- Customers have buying power: customers are willing to spend extra money for high quality products
- Dedicated customer service at brick and mortar store
- Creativity in design
- Number of full time employees: enough staff to provide fast quality services
- Reputation: recognized as one of the best in the area

Weaknesses

- Amount of inventory: sometimes too large
- Location: Northern Michigan is not a flourishing area year round
- Prices: products tend to be medium to high priced
- Middle to upper class image: some consumers may perceive florist as too expensive
- Gift assortment: knick knacks such as stuffed animals not very profitable
- Too many floral designs to choose from
- Lack of customer service: no one is readily available for customer complaints from online store
- Time constraints: too few employees for large contracts such as weddings or funerals

Opportunities

- Choose a convenient location: close to Lilac Shores
- Open another location in a nearby city
- More convenience for customers: store layout and accessible parking
- Buy less or more of a product in order to satisfy customers
- Partner with another local business: hospital or funeral home
- Use point of sale technology for inventory management and customer base
- Use wire services
- Use technology to monitor what sells to order more
- Use technology to eliminate “sell” items not moving, after six months (gift/home accessories)

Threats

- Too many florists competing in same area
- Access to capital: the company needs to generate more sales and gain capital in order to expand their product line which ultimately could be a drawback
- Product life cycle: too much inventory or not turning over products such as silk flowers
- Lack of quality since flowers are perishable items
- High inventory costs
- Price: company’s prices could be too high or low to compete with others; supplier prices can increase which can limit the amount of products purchased
- Internet florists
- Wire services: FTD and Teleflora dominate the industry and consequently pushing traditional florists out
- Gas prices: limits delivery and increases costs for large geographic area
- Economic issues: if there is a higher rate of unemployment in the area, people will spend less
- Seasonal issues: Daisy County is a resort area which ultimately influences the florist’s sales
- International issues: higher prices, exchange rates, U.S. business policies may differ from international companies

By looking at this SWOT analysis, Flowers from Heaven has numerous strengths, which reveal that they are a major competitor in Daisy County. It will be difficult to provide a service or product that has an advantage over the rest of the florists in Stone City, Lilac Shores, and

Brookstone. Garden Delights will have a competitive advantage over these retail florists because it is certified and offers a unique design to help a customer send any emotion.

Marketing and Sales

Garden Delights sells a unique product mix to a niche market in Daisy County. Primarily, the place of business will specifically provide products and services to customers in the Lilac Shores community. A definite customer of Garden Delights will be located within a five mile radius of downtown Lilac Shores. One aspect of the florists' target market is home ownership. According to the U.S. Census Bureau the home ownership rate in 2000 for Daisy County was 75.6% compared to the state of Michigan's rate of 73.8%. Thus, from this home ownership information an individual can see that this community has a stable and reliable population. The florist's main customers will have their permanent address located in Daisy County and particularly in Lilac Shores. In addition to geography and home ownership, household income is an important part of Garden Delights' niche market. The florist's best customer will have a household income of \$40,000-\$100,000. This information came from the Site Ring Analysis. The following chart will provide the number of households and their income brackets for one, three, and five mile radiuses from downtown Lilac Shores. The information was gathered via Site Ring Analysis.

Number of Households

	1 Mile Radius	3 Mile Radius	5 Mile Radius
\$40,000-49,999	90	185	560
\$50,000-59,999	63	123	391
\$60,000-74,999	88	175	463
\$75,000-99,999	92	200	543
Household Income \$100,000-124,999	42	102	289
\$125,000-149,999	28	67	144
\$150,000-199,999	18	52	106
\$200,000-249,999	1	13	30
\$250,000 +	6	25	83
Total Number of Households	428	942	2609

The 2000 Census from the Site Ring Analysis showed a total of 10,347 households within a five mile radius of downtown Lilac Shores. With the income demographics, there are potentially 2,609 customers within this geographic area. The florist's best customers want high quality and unique floral designs. These customers will make a purchase at the florist on average six times a year. The customer will pay for floral purchases via cash or credit cards at point of sale. However, if the order is for a special event such as a wedding or funeral, the florist will bill the order to the customer and require an upfront non-refundable deposit. Overall, Garden Delights has a target market that is willing and able to spend their disposable income on floral arrangements.

The florist's customers have several wants and needs when thinking about purchasing flowers. The customer base ultimately wants:

- Product mix: cash and delivery, plus special orders
- Easy, convenient central location
- Fast and superior customer service
- Delivery options
- High quality
- Higher prices for cash and delivery due to their reputation
- Promotional reminders

Garden Delights offers many products and services to meet their customers' needs. Customers have a variety of products to choose from including fresh cut flowers, silk flowers, balloons, pre-assembled arrangements, small gifts, and home accessories. The customer benefits from this feature because they are not limited to only one product, and they have a larger selection to choose from when making a decision. The company is located close to downtown Lilac Shores, customers can shop in town and purchase flowers at the same time. Thus, this is an advantage to customers because they do not have to make an extra trip for a floral arrangement. In addition, the location is convenient and saves consumers time and energy. The company provides fast and superior customer service. Customers like the fast service because they can walk in and receive an arrangement within minutes. In addition, the employees are friendly and knowledgeable about the products because they are all certified designers. This enhances the customer's trust towards the company. The florist offers delivery options to its best customers in Lilac Shores and throughout Daisy County. This enables customers to order and receive floral products in the same day. Customers like this feature because it is convenient and less time consuming. They prefer the product to be delivered to them. The florist provides top quality flowers for the customers. The company purchases products from the best suppliers. Customers value the florist's quality because of their well known reputation. Garden Delights provides competitive pricing. This makes customers remain with the company because it is harder for them to switch to another florist, and still get high quality products. Lastly, customers want promotional tools. The florist provides post cards as reminders and incentive programs. Customers like this feature because they can receive a discount for upcoming occasions which will ultimately make them keep returning. These are products and services the florist designs to meet the target markets demands.

As the florist grows both internally and externally, customers will potentially want new products and services. Two specific products and services customers will want are internet capability to order and purchase floral arrangements, and wire services and products using FTD and Teleflora. As the floral industry continues to move in this direction, it will be essential for the company to provide these features. Although the customers typically want fresh flower arrangements, there are alternatives to these products. For instance, consumers can purchase balloons, cards, or wrapped presents/gifts instead of a flower arrangement for an individual. However, Garden Delights competitive advantage will attract their niche market to continuously purchase fresh, assembled arrangements rather than other sentimental gifts.

The average amount consumers spend on floral arrangements is estimated at thirty dollars. The florist's niche market is willing and able to spend more because their household

incomes are \$40,000 and up. Therefore, Garden Delights' customers are not necessarily sensitive to price. The florist offers high quality products and in return charges slightly higher prices. Also, since the location of the business is in a resort and tourist area, there tends to be higher incomes during different times of the year. Thus, the florist can set prices a little higher for cash and delivery than competitors due to their recognizable floral designs and reputation. A value added service the florist provides is delivery. The customer has to spend at least forty dollars and a five dollar delivery fee on a floral arrangement in order to get the product delivered. The following list explains the price ranges for the various products and services offered.

Gift/Home Accessories \$10-45
(Vases, picture frames, pictures for homes, balloons)

Individual Fresh Flowers/
Bunches \$3-10

Pre-Assembled Arrangements \$25-50
(In cooler)

Events \$250-2000
(Weddings, funerals, business luncheons/dinners)

There are several promotional tools the florist will utilize in order to promote their quality products and services. The most effective tools for the company will be advertising in the local newspaper, yellow pages, business cards, and the sign on the delivery van. This table shows the variety of tools used and the cost of each one.

Promotional Tool	Cost (per year)
Local Newspaper	\$775.00
Letterhead/Business Cards	\$200.00
Telephone Book-Yellow Pages	\$850.00
Sign on Delivery Van (12x24 magnetic sign)	\$75.00
Customer Loyalty Programs (card)	\$250.00
Coupons (10% discount in newspaper)	\$400.00
Estimate 100 customers come in each month with coupon and spend \$30.00-cost of discount sales will be \$2700.00	
Refrigerator Magnets	\$315.00
Team Sponsorship	\$250.00
Community Involvement/Event Sponsorship	\$500.00
Post cards to best customers @ certain times of the year	\$3000.00
Community Directory/brochure	\$50.00

Logo Clothing	\$250.00
Store Sign	\$600.00
Referrals business to business (ex. wedding planners, bridal salons, funeral homes, etc.)	Place business cards in businesses
School/Church Events (public relations, donate to school or church)	\$300.00
Total Cost	\$4915.00 (approximately \$5000.00)

The florist will track the overall effectiveness of the marketing tools through a point of sale system. In addition, the company will ask their customers how they heard about them. It would be beneficial if the company had a system set up where the employee could enter information on how the customer heard about the business, in addition to their name and address on the same computer screen. Also, the company can provide a survey for the customers to fill out while they are waiting for their floral arrangement inquiring how they found the florist.

The florist has realistic sales goals for the next three years. The company wants to achieve revenues of \$140,000 in the first year of business, \$168,000 the second year, and \$201,000 the third year. Previously stated, the estimated average amount a consumer spends on a floral arrangement is thirty dollars. So, the company will use this dollar amount to figure out sales objectives. The company has two strategies in which they can use to reach their sales goals over the next few years. In order to reach the first year's sales goal the florist will need 4,666 customers who will spend thirty dollars on average. The company needs approximately 5,600 customers the second year and 6,700 customers the third year to accomplish successful revenues. The second strategy the company utilizes involves the amount of dollars in sales needed each week in order to reach year end sales goals. For instance, the business needs to sell \$2,692 per week for the first year, \$3,230 the second year, and \$3,865 the third year based on an average of thirty dollars for each sale. Another aspect is to decrease weekly sales by having a revenue line for events such as weddings or funerals in the company's cash flow. A typical wedding spends \$2,000-5,000 on flowers and the company could do six a year and generate a significant amount of profit. The florist implemented an effective sales plan in order to accomplish their realistic goals.

The sales process is an important part of any business. First off, the most important aspect of any sale is promoting the company's name and reputation. If another company or customer recognizes the florist, then it enhances the opportunity for a sale. It is important to set realistic and reasonable goals to achieve at the end of each year. In addition, an ultimate goal for any retailer, especially florists, is to sell to recurring customers.

The actual sales process involves numerous steps. For a florist, the most significant part of any sale is to be able to connect with the customer in order to customize a product for them. It is vital to make qualifying questions to customers during the phone call because they tend to make a decision within the first five minutes. The designer needs to ask specific questions to the customer in order to recognize their floral needs. For example, the designer should ask what

kind of an arrangement, size, price range, colors, types of flowers, or if it is for a special event. If a customer expresses a specific budget for the arrangement, then the designer will estimate approximate size of the arrangement. Next, they will provide a flower selection for their choice. The company wants a down payment commitment from their best customers, especially when large orders are involved such as weddings or funerals. After the ok, the designer will customize proposals and orders so it satisfies their customer's needs. Garden Delights stresses order fulfillment by providing a service to its customers on a prompt basis. One of the last steps in the sales process is asking the new customer if they were referred by a past customer. If someone referred them, then that individual will receive a referral discount. The designer needs to thank the customer for the opportunity to do business. Lastly, the company needs to follow up on their customers. The company will send a thank you letter to customers for large orders. Also, the business will send flowers on their recurring customers' birthdays. In addition, employees will make follow-up customer satisfaction calls with large orders to ensure the arrangement was appropriate.

The company will receive most of their sales through word of mouth. Since Lilac Shores is a small community, more people will spread the word that the florist is of superior quality. The owner of the company will also pursue and actively participate in the Lilac Shores Chamber of Commerce. This will boost sales by other business members promoting the florist's products and services. Also, the owner may hold a spot on a special events committee for local nonprofits. Partnering with bridal salons, funeral homes, and other local businesses will enhance the florist's overall operations and sales. Networking with people and businesses is an important factor when generating sales.

Garden Delights uses several benchmarking tools to monitor sales. Some tools include:

- How many proposals made and the number accepted
- Monitoring customers-point of sale (who are my best customers and what are they buying)
- Number of customers on a certain holiday
- Monitor inventory-number of products sold and length of time in inventory
- Amount of waste
- Effectiveness of coupon sales
- Repeat business

Assumptions

Garden Delights has a budget in place for the next two years of operation. The estimated average amount a consumer spends on a floral arrangement is thirty dollars. In order to reach the first year's sales goal of \$140,000, the florist will need approximately 388 orders a month in which the consumers will spend on average, thirty dollars. For the second year, the florist will need about 466 orders per month to reach year end goals of \$168,000.

The florist will have two full time employees who will design the floral arrangements and provide the highest customer service to consumers. The company will provide health care benefits to both employees. This cost will roughly be \$252 per person per month for the first year. It is estimated that health care costs for the following year will increase anywhere between eight and ten percent. Marketing and advertising for the florist is relatively high. Since marketing is such an important promotional tool for the company, it has a budget of \$2,210.

The florist will need assistance in financing from the bank. The company will need a \$125,000 loan from the bank that earns seven percent interest. The florist will pay off this loan in five years. It will have to pay monthly principal and interest payments of \$2,475.

Garden Delights will pay one of the employee's ten dollars per hour with an annual salary of \$20,796 for the first two years of business. However, the owner will not draw a paycheck for the first full year of operation. The owner will earn a little over sixteen dollars per hour and receive an annual salary of \$34,800 starting the second year.

Capital purchases for the first year include the delivery van and cooler/refrigerating system for the company. These are one time costs that will depreciate over time. In addition, the start-up costs include company sign for building, accounting/computer system, helium tank, and shelving and tables needed for the business. These costs were only included for the first year because they are not purchased every single year. Garden Delights is on a tight budget. It will be hard for the first few years of operation before the company will generate consistent profits.