Postcards from the Cutting Edge

The next generation of the floral industry is already focused on the next big things.

BY MARY WESTBROOK

Wanted: Young up-and-comers. Big thinkers. Must be willing to work long hours. Weekend work is regular; holiday hours, extensive. Expect variable pay, and not close to what you might make in business or tech. Speaking of which: Bring your best tech skills—and your business savvy. Excellent communication skills required. Knowledge of supply chains, labor markets, color trends, flowers, plants, pests, diseases and international trade laws and much, much more is mandatory. Strong backs, big smiles preferred.

Who would want this job? As it turns out, lots of people. The floral industry has more than its share of talented, smart and often daring young professionals, and this month, we’re taking a fast look inside some of their operations to see what they’re working on and where they’ve put their energy when it comes to finding lasting solutions to challenges that almost all business owners in the industry must face.
At trendy, farm-to-table restaurants in San Francisco, Christina Stembel found herself zeroing in on the pretty but definitely-not-from-these-parts carnations. Everything on the table — produce, meat, wine, dessert — had been sourced from regional suppliers, except for the flowers, which weren’t seasonal or local, though California has more options, year-round, than any other state in the union. It was enough to make a gal quit her job at Stanford University and start a floral business focused entirely on California-grown flowers and plants out of the San Francisco Flower Mart—which is exactly what Stembel, of Farmgirl Flowers, did in 2010.

Since that time, Stembel has focused on changing the way people think about buying flowers and tapping into an established desire to support regional farmers. Her efforts have already been featured in high-profile publications, such as the San Francisco Chronicle, turning her into a go-to spokeswoman when it comes to consumer stories about California flowers. (Social media has been a big help too; at press time, she had 25,000-plus followers on Instagram.)

“I was surprised at how little awareness there is about flowers” among consumers — what’s in season, what’s local, growing conditions — given the heightened awareness of food sources and manufacturing sectors, said Stembel, who also addressed industry members during the California Association of Flower Growers and Shippers’ Fun ‘N Sun event in July. “Then again, until a few years ago, a lot of people didn’t realize tomatoes were seasonal items or think much about where their iPads were made.”

Drawing on her background planning events, among other responsibilities, at Stanford, Stembel wanted the ordering process to be fast, intuitive and she wanted the options to be modern and inexpensive, so Farmgirl Flowers offers San Franciscans just two choices: an arrangement of the day, based on local flower availability, or a plant. (She doesn’t touch the wedding business, where consumers want control over exact flowers featured in designs.) Customers choose arrangements created in made-in-the-U.S. vases or trademarked burlap wraps, provided by area coffee companies. Plants and arrangements are available in three sizes (small, medium and large), from $30 to $80. Deliveries are completed via bicycle or scooter between 9 am and 5 pm for a $13 fee (plus a $5 surcharge for same-day orders.)

The model seems to be connecting. This year, Stembel’s third year in operation, she’s on target to increase business by three to four times over her Year Two results. Since launching, she’s tweaked her efforts. Originally, she offered just one size in arrangements, but that didn’t meet consumers’ needs. She started off contracting with a bike courier service but has since brought the delivery riders in-house. (“The service part of flowers is just as important as the flowers,” she said, “and I needed to have more control over how people were greeted. People need to see a smile.”) She sold out last Valentine’s Day after taking 1,400 orders, leaving an estimated 400 orders for another business to capture.

Her focus for the future is expansion. Stembel plans to launch California-wide and then nationwide delivery of wrapped arrangements in 2014, pitting herself against big companies that drop ship, including ProFlowers, but playing up her domestic flowers and environmental focus. She’s currently working out details—including eco-friendly options for the boxes and recyclable packing materials and processing and shipping logistics through partnerships with existing flower growers in California. In the next three to four years, she’d like to have satellite locations in six to eight cities. To Stembel, Farmgirl Flowers is a movement, not just a business.

“I get calls and emails from florists in other cities, asking about local flower farms in their communities,” she said. “It only takes 10 or 15 minutes to find that information, and when I talk to wholesalers, I tell them, ‘Look, people are asking for local flowers.’ We need to work together.”
When Rutland Beard Paal Jr. (“Skip”), AAF, joined Rutland Beard Florist about 10 years ago, he loved the floral industry, but he knew his family’s business model was unsustainable; the business founded in 1923 wasn’t ready for the challenges of the 2000s. Still green but hungry, Paal started to think: What could he do himself, instead of paying someone to do for him? Turns out, quite a bit. Today, he’s expanded Rutland Beard from one location to seven, in Maryland and New Jersey, and added wholesale and trucking divisions.

“Rather than only growing new operations outside of our facility, we’ve also grown from within,” Paal said.

The wholesale division started in 2009 after Paal saw that the additional six locations he’d acquired since taking the lead had created a demand for flowers roughly equivalent to a small wholesale house. Within months, he was supplying other retail florists, in addition to his own shops. “Our first year, we did about $100,000 in sales to other flower shops,” Paal said. “As things have gone on, we’ve built up to over $1.5 million in sales in 2012, serving about 80 retailers.”

The trucking division, around since 2011, came out of a one-time favor. A grower asked Paal to make a delivery for him — a small order to a single shop — and Paal realized he had a reliable fleet of trucks and refrigerated space to spare. He decided to put the trucks to use outside of normal working hours and utilize the entire refrigerated area. Today, he specializes in last-mile delivery to about two-dozen florists every week, many of whom are experimenting with direct purchases from growers or online vendors and need a centralized, local spot for orders to come in. Once they’re in, Paal and his team move them out for the final leg of delivery. He’s also worked some with produce.

In the retail shops, Paal has thrown out the old rulebook, particularly when it comes to weddings (which account for about 15 percent of overall sales). Ten years ago, the business was doing 20 weddings a year. Now, a peak weekend includes 14 weddings and events. The business used to be closed on Sunday — and the family would never ask an employee to give up a Sunday to come in or prep for an event. Today, the business is open seven days a week, with employees scheduled four days on and four days off year-round, to ensure schedule flexibility and allow for comp-time use, which reduces overtime expenses. Paal also uses per diem employees for busy weekends and moves employees among his locations. Full-time salespeople are paid salary plus annual commissions to incentivize bigger sales. “I love to pay bonuses,” Paal said. “They mean everyone is making money.” (Read about another performance-based comp plan in the cover story of the August issue of Floral Management, www.safnow.org/floralmanagement.)
In the past five years, Weber also has become something of a local celebrity, thanks to a side gig hosting “Inside Lake Forest,” a cable TV show on area attractions and small businesses. They’ve taped more than 60 episodes, including two at Weber’s store, in addition to a floral design program. The producers approached Weber with the idea and, though she had reservations at first (“I’m a science girl — no background in media or journalism at all!”), she accepted the challenge. A show all about her hometown, hosted by a local florist? She wanted in.

“The show and our community connection have been really important to us,” she said. “I get recognized around town — people see that we live here, too.”

Looby, who is paring back his role in the business as Weber takes on more responsibilities, also taught his daughter to be eagle-eyed about costs and profitability, a lesson she applies daily. Here, too, carefully maintained relationships help — this time, with her local wholesalers. Weber pre-orders and buys in bulk. She pays in full and early, whenever possible, to leverage bargaining power with suppliers. Weber can call a sales team member at her key wholesaler for deals and, more important, advice on how to thrill customers, reduce waste and improve profitability.

“We’ve gotten more creative about how we use our cooler,” she said. “We’re always asking ourselves, ‘What’s in there right now? How can we use it creatively?’”

Sometimes the next generation can bring a necessary jolt of new perspective to even mundane tasks. At Dramm and Echter in Encinitas, Calif., one of Miles Echter’s first initiatives was to gather email addresses from the grower’s Facebook account and compile them into Constant Contact — the company’s main platform for communicating with customers about price lists, specials and farm news. “That added about 2,500 more emails to our contact lists,” Echter said. “It ended up saving us tons of time” and it created one comprehensive collection of contacts, rather than the scattershot default of having some customers’ contact information funneled through social media.

The project is representative of the perspective that the 27-year-old brings to the third-generation family business: How can we use technology to be more efficient, especially on seemingly small admin tasks that too often get pushed to the end of a busy to-do list? Echter may have grown up in the industry, but because he’s relatively new, as a professional, he feels open to new ideas — and the family is all ears.

“I shared my train of thought on how to take care of some projects and tasks, and it definitely opened up some of the eyes of people working here,” Echter said. “I was able to do some things that people here didn’t know were possible,” — such as consolidating all of those contacts quickly and painlessly. By streamlining tasks and operations, including recently updated phone systems, everyone has more time to focus on bigger issues; recently, for instance, they were able to get low gerbera production back on track by bringing in beneficial insects to ward off the detrimental Leafminer and Lygus bugs. The company is also expanding its Oriental lily production with a new 300,000-square-foot production area.

Be part of your community. When Eileen Looby Weber thinks about what she’s learned from her father, John Looby III, the lesson is simple. “He taught me that you have to be active in your community,” Weber said, who earned a degree in horticulture at Purdue before joining the family business. Lake Forest Flowers, in Lake Forest, Ill. “When you partner with groups, they highlight your business.”

Weber is active with the Lake Forest-Lake Bluff Newcomers Club, for residents who move to the area, and its Encore group, the next-level civic group for Newcomers who put down roots. Like her father, she works with local churches and high schools and gives presentations and talks, but she also runs in-store workshops on themes that appeal to customers looking for an experience to share, rather than a gift (see Hands On, p. 12).
Recently, Volp’s impressive collection of containers and props — which she has only recently started pushing out as a small event rental segment of her business — has featured a growing number of vintage (or vintage-y) pieces: dressers, chairs, birdcages, hand-painted signs, mailboxes and crates, sourced from annual gift shows, trips to local second-hand shops and suppliers who specialize in home décor, not necessarily floral.

“I try really hard to target the 20 to 40 age group in my community,” said Volp. “It gives our shop a bit of an edge to have essentially well-curated containers, arrangements, planters and a large selection of cards and giftware lines.”

The aesthetic works for Billies “because we do so many weddings — more than 60 a year — and (the pieces) help with the styling and merchandising in our store too,” said Volp, who uses many of the items in-store, for beautiful displays, and then shows them to brides during consultations (along with photos from previous work). “It can be quite profitable when you rent the same vase eight times in one summer.”

Tapping into the increasing demand for local and organic flowers and plants, Volp and her husband and co-owner Kevin Wilson buy 90 percent of their product directly from growers at the United Flower Growers Co-op auction in Burnaby and work with brokers to source roses for everyday arrangements that are Veriflora certified. (Wilson, whose own background is in retail flower shops, landscape centers and agriculture is an “integral partner” in myriad shop efforts, Volp said.) On a big chalkboard art sign in the store, the shop cheerfully communicates other green initiatives to customers: greens are composted, bags get re-used, the grosgrain ribbon is recycled plastic, those funky, artistic greeting cards are made from recycled paper at a company that relies on wind power.

When Alanna Volp purchased her shop, Billies Flower House, four years ago, she had her work cut out for her. The 40-year-old business (formerly Billie’s Bouquet) had tons of potential and a prime location, but the look and feel was outdated: 1980s colors (greens, peaches), gift items, including silks and plush items, that didn’t appeal to younger, hipper customers and a disjointed showroom that failed to direct customers’ eyes or tell a story. Building on her experience working at high-end retail flower shops and Whole Foods, as well as in publishing and interior design, Volp got busy. Today, the shop and the work coming out of the design room are more youthful, sophisticated — even edgy — and annual sales are up by 44 percent.

“We now display a lot of our flowers out on the floor, not just in the display cooler, and keep a large selection of plants in stock to create a lush and inviting atmosphere that calls to each customer to get up close and personal with the flowers,” Volp said. “We also spend 30 to 45 minutes every morning creating a big, elaborate display on our sidewalk to draw people in and bring life, beauty and color to our downtown streets.”

Customer service is a must. Business sense, a no brainer. We asked some of the industry members featured in this month’s story to share the most valuable skills for industry members coming up in the next five to 10 years. Here’s what they had to say:

“Finance, IT, business and people management. Floral design is also very important, but if you are a fabulous designer with no business skills, you’ll go out of business.”
— Eileen Looby Weber, Lake Forest Flowers, Lake Forest, Ill.

“Having skills to stay on trend, up-to-date and excited and passionate about what we do is absolutely imperative. We need to stay healthy and inspired in our life and our shops and never let things get stagnant.”
— Alanna Volp, Billies Flower House, Squamish, BC

“It will be important to continue to bring new customers into the shops, to educate those consumers, and turn them into lifelong customers. A lifelong customer can be worth more than $20,000. Get that customer early with prom flowers.”
— Skip Paal, Rutland Beard Florist, Maryland and New Jersey

For even more tips from featured industry members on must-have tools and resources, see Hands On, p.12.
—M.W.
Before Margaret Herget became the marketing director of Baisch and Skinner, in St. Louis, there was a disconnect between Sales and Marketing. Sales didn’t understand Marketing’s role; Marketing didn’t fully grasp Sale’s challenges. The “great chasm”— as Steve Frye, Baisch and Skinner’s vice president and general manager, wryly classified it — stemmed from one basic problem: No one could bridge that divide. That is, until Herget came along.

Her strategy? Listening. Herget, who majored in Graphic Design at the University of Illinois at Urbana-Champaign, meets regularly with the sales team to tease out and then plan for the resources that will help them better serve customers. Recently, those tools have included a redesigned website that makes ordering less cumbersome for customers, thanks to an intuitive, user-friendly design, and an electronic version of the company’s catalog. (Herget is a big proponent of giving people want they want, when they want it and where they want it.)

“People like to shop now from wherever they are, be it on their laptop, iPad, or mobile phone,” she said. “Our web store is serving as another location for us on a virtual level.”

Herget has also raised the company’s profile on social media, including Instagram, which salespeople now use to upload quick pics for clients. Her efforts across platforms — from print materials to the new website and Facebook — have helped weave Baisch and Skinner’s marketing efforts into everyday business, so that the voice of the company is consistent, reliable and something more, too: “Fresh,” said Frye. “Margaret has brought a fresh perspective because she doesn’t remember ‘the good old days.’ And that’s good, because the ‘good old days’ are gone.”

As for Herget, she already has her eyes on the next project. “It would be great for everyone to work from a tablet — for ordering, checking inventory, referencing our website, checking emails,” she said. “Our sales reps are on the move and a lot of people here travel to our different branch stores.”

And while some external factors, including currency revaluation, have hurt Colombian growers, others have helped. “One of the main opportunities that I see as a Colombian flower grower, are the free trade agreements that have been signed in the past years with the USA and Canada,” said Samper, who guided Joe Biden on a tour of Serrezuela’s operations when the vice president visited Colombia last spring.

“These agreements put us in a better competitive position, and we are surely capitalizing from this by taking market share from our competitors.”

The flower business is in “constant motion,” he said. “And in order to stay alive you must continuously reinvent your business through new markets, technologies and varieties.”
Five years ago Kyle Brown was a recent college grad and CPA working for a major firm — and getting hungry for a new challenge. That’s when he turned his attention to the floral industry and realized how many businesses were merely struggling through, rather than adapting and thriving. “I look at challenge and opportunity interchangeably,” said Brown, who used savings to purchase his first shop, Desert Blooms Floral Design in Mesa, Ariz., in 2010. “Florists have lost a lot of market share” because of the economy and new competitors, but Brown saw a chance to turn things around. “It’s time to get some (of that market) back.”

Brown now owns a total of four stores: In addition to the Mesa store, he owns Wilhide’s Unique Flowers and Gifts in Ellicott City, Md., The Flower Bucket in Austin, Texas, and Shirley Floral Company in San Angelo, Texas. (The Maryland store represents his latest purchase, in 2013, and, yes, he plans to buy more; at press time other transactions were already underway.) Brown looks for stores that are in a position to become more profitable, using his accounting background to analyze revenues against factors such as location. He manages his growing floral empire from Houston, though he estimates he’s at home two days a month. Instead, he’s traveling among shops to meet with staff and managers. When Brown buys a business, he doesn’t make dramatic changes immediately, since the history of a shop (and its well of customers and potential customers) is often what attracts him to a location in the first place. “I’m big on conserving the heritage of a shop,” he explained. Employees who are happy, productive and open to new ideas — and willing to share their own ideas — generally stay.

One evident change involves Brown’s policy on social media. Six months ago, he engaged the services of an outside company to manage all of the shops’ efforts on multiple platforms, including Facebook and Twitter and resources such as Yelp and Google Places. Once a month, Brown’s team meets formally with the contractors to discuss plans, but Brown and the store managers are in weekly contact. The shops provide photos and content and then the company shapes the messaging into posts and updates that engage customers, rather than simply inform them. (Recent Facebook posts for the Arizona store included fill-in-the-blank sentences (“The last time I got flowers it was ______________”), home décor tips for using flowers in bedrooms, invitations to review the shop on Yelp and lots of professional photography chronicling floral details of recent weddings.)

Brown and his managers still have the ability to post or upload pictures, but the social media company ensures consistency and has introduced Brown to the many platforms that are out there, such as FourSquare, freeing everyone up to focus on other areas of the business, including admin tasks, designing and bookkeeping.

“Before, we had someone at each shop handling social media, and that was okay during slower months,” Brown said. “But . . . social media used to fall pretty low on the priority list” around Mother’s Day and Valentine’s Day. Now, it’s top-of-mind year-round, which helps keep Brown’s shops top-of-mind with customers.

We couldn’t resist squeezing one more company into this month’s roundup. Bloompop isn’t quite ready for primetime but they may soon be coming to your area:

**Shavanna Miller, 28,** launched Bloompop in July 2013 after a hair-pulling experience trying to buy flowers for a friend while traveling abroad. Currently in beta testing with six florists in metro Washington, D.C., the site promises to make it easier for customers to buy contemporary, unique and often seasonally-based floral arrangements from a curated group of local florists, selected by Miller based on Yelp reviews and in-person store visits. Miller said she’ll use social media to go after two sets of customers: discerning shoppers who want a no-hassle connection to local florists and the Pinterest-loving types who love to browse and dwell among options. Introductory questions on the site — “What’s your favorite color?” “What’s your favorite flower?” — help narrow selections and users can “favorite” arrangements, bookmarking them for future purchases by admirers or loved ones. Bloompop takes a percentage of each transaction, but there are no fees. —M.W.
For years Farbod Shoraka watched his aunt, Shirin Kazemi, struggle to guide her store, Bird of Paradise in Irvine, Calif., through the challenges of deceptive listings and new competitors from within and outside of the industry. But it wasn’t until he was in his 20s that he realized he could apply some of his business know-how to her situation. About three years ago, Shoraka left a job in corporate finance to help found BloomNation, a platform that allows customers to connect directly with local florists. So far, 2,000 florists in more than 2,900 cities have signed onto the group’s network.

“One of the biggest problems in the floral industry is customer retention,” said Shoraka. “So much of the industry has been commoditized, and we want to help florists find customers. We don’t get you orders. We get you customers.”

Shoraka and his co-founders drew inspiration from lots of sources — most notably Etsy.com, which has become a haven for handcrafted gifts from independent retailers and artisans. Consumers who visit the BloomNation site input a delivery location and then choose from designs posted by florists participating in that region. Florists upload their own images and control pricing — including delivery fees — but orders are processed through BloomNation. Once a florist reports that a delivery has been made, BloomNation makes a direct payment (90 percent of the order) directly to the florist’s bank account. The company doesn’t charge service, monthly, sign-up or cancellation fees and supplies participating florists with a free website builder, point of sale system, florist-to-florist network and email marketing platform.

Invoking another web role model, Shoraka said their policy on complaints is similar to Amazon.com’s process for independent vendors who sell to the public through the site: Because the site allows for transparent transactions directly between customers and florists, BloomNation encourages florists to handle complaints (and kudos) directly, though he has already stepped in to serve as a mediator in select situations.

The company is marketing directly to consumers through organic SEO and paid advertising (considered “traditional” marketing in the hyper-connected media landscape of 2013) but also relying on viral marketing through social media and other “advanced techniques,” Shoraka said. The company is not releasing revenue numbers yet; however, Shoraka said “thousands of visitors are coming to the site every day.”

“We’re trying to be something very efficient — like an eBay or an Amazon,” Shoraka said.

“We’re trying to be something very efficient — like an eBay or an Amazon,” Shoraka said. “They have low margins because people who are part of the community promote the business.”

Because all of the arrangements on BloomNation have been tagged with data points (color, flower type, price, occasion), the site is also a treasure trove of meta-data — information BloomNation can gather, analyze and use to update its site and marketing efforts. The algorithm employed by the site also measures things such as website clicks, visit duration and number of page views for a particular design. It’s that use of technology that led Caroline Daniels, a lecturer in entrepreneurship at Babson College, to classify BloomNation as “leading edge” company when it comes to using big data.

“Our goal is to kind of become the place where customers can discover florists,” Shoraka said. “BloomNation isn’t a brand, but a community. That’s where we want it to be. Local florists can do their own branding.”

So far, some florists report dozens of orders a day; others say they’ve been signed on for a year without a single order. “Again, it has to do with their efforts,” Shoraka said. “The more you use BloomNation, the more it does for you. It’s a tool, so you have to use it for it to work.” Since BloomNation has now established a “critical mass of florists,” he said the company can focus more attention on “marketing for both the local and national level. Everything from helping florists with their search engine optimization to television coverage and paid online marketing.”

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Farbod Shoraka, 30
CEO, BloomNation, Los Angeles

VITALS: 3 years in the floral industry; first-generation

THE SKINNY: Corporate finance guy hangs up his suit and treads into big data for the floral industry
AROUND THE BLOCK
AROUND THE CITY
AROUND THE CLOCK

BEST-IN-CLASS RANGE (500 MILES)'
BEST-IN-CLASS CARGO CAPACITY (155.5 CU-FT)'
BEST-IN-CLASS PAYLOAD (1,800 LB)'
BEST-IN-CLASS HORSEPOWER & TORQUE (283 HP/260 LB-FT)'
UNSURPASSED 5-YR/100,000-MI POWERTRAIN WARRANTY'

THE NEW
RAM C/V TRADESMAN