A (SCARY) STORYBOOK WEDDING PLAN

When a once-recession-proof shop is forced to face the tough realities, will a drastic compensation pay be their happily ever after or heartbreaking final chapter?

by Mary Westbrook
At the end of 2010, Gayla Harvey and the rest of the Tiger Lily Florist staff gathered for a series of meetings called by the owners, Clara and Manny Gonzales. Nervous energy filled the air: The recession had finally hit Charleston, S.C. Tourists were staying home. More problematic for Tiger Lily — particularly Harvey, one of two full-time wedding designers, in addition to Clara — couples were eschewing elaborate destination weddings in the historic city and on the fabled beaches to exchange vows in low-key, close-to-home ceremonies. Competition was growing among wedding vendors, as volume dropped...and dropped...and dropped. Even Tiger Lily, which in boom times had cleared $500,000-plus a year in weddings and turned brides away, felt the effects. Harvey and her co-workers were anxious when Manny started talking.

“First,” Manny said, “Tiger Lily is going to make it through the recession.” Whew. This was the leadership the staff knew: Straight-shooting. Smart. With the collective exhale still hanging in the air, Manny continued: It couldn’t be business as usual anymore. “To survive,” he said, “we have to make changes.”

Then, Manny laid out the plan. Employees’ paychecks — how they earned them, and how much they were paid — were central to the shakeup. He mentioned productivity bonuses, salaried positions, and commission ranges for key staff members, instead of the steady, hourly-plus-flat commission paycheck many of them knew. Yikes.

“Nobody was happy,” said Harvey, whose base pay for 2011 dropped by 35 percent. To make up the difference, she’d have to rely on a commission based on ambitious sales minimums set by Manny and Clara.

“It was really uncomfortable,” she said. “Change is uncomfortable.”

But less than three years later, Tiger Lily Florist is more profitable than ever and Harvey has seen some of her highest earnings in more than a decade. By revamping compensation, the Gonzaleses created a new reality that’s more efficient while maintaining a team-oriented work environment that’s pretty darn pleasant, even in the face of uncomfortable transitions.
ACT I: SEEDS OF DISCONTENT
The lead up to Winter 2010 was a painful time for the Gonzaleses, filled with worry for the business they’d spent almost two decades building.

On the surface, Tiger Lily, which has locations in Charleston and on Kiawah Island, appeared poised to weather the recession, in no small part because of its highly respected wedding department. The business has a strong reputation, a devoted customer base and low staff turnover. But Manny and Clara knew problems lurked below the surface. Cost of Goods Sold (COGs) and wages were too high. They had a staff of wonderful, talented, good-natured people... who felt absolutely no sense of urgency in the face of an unprecedented slowdown.

“The recession was a long time coming to Charleston,” Manny said. “But when it hit, it hit fast.” Brides stopped calling. Area wedding planners began offering inexpensive floral packages. Many said, “But when it hit, it hit fast.” Brides stopped calling. Area wedding planners began offering inexpensive floral packages. So many outside factors conspired against the shop and suddenly, “it felt like we’d hit a wall,” Clara said.

On a whim, Clara picked up a book before a family vacation — “Profits Aren’t Everything, They’re the Only Thing,” by George Cloutier. After three chapters, she handed it to Manny. “Read this,” she said. They passed the book back and forth for the rest of their vacation, huddling for deep talks between water sports and family time with their two kids. The practical, no-nonsense read reminded the couple of lessons they already knew but hadn’t applied with discipline, including a formula endorsed by floral industry expert Paul Goodman, CPA, PFCI: 30 percent COGS, 30 percent overhead, 30 percent wages = 10 percent profit.

Tiger Lily’s wages were closer to 35 percent, as were COGS. In fat times, the Gonzaleses had convinced themselves their figures were “close enough,” Manny said, and that the percentages were advisable for most shops, but not necessarily Tiger Lily. The recession changed that belief.

“We realized on that trip that those numbers absolutely applied to us,” Manny said, and they knew they had to find a way to hit them. “Nobody likes problems, but you can’t fix them until you find them.”

Clara and Manny ended the most “inspiring yet depressing” vacation of their lives with a rough idea of how to get from despair to profitability. Through the fall, they hammered out the plan they would present to the staff. In a nutshell: performance-based compensation.

First, Clara would bow out of the wedding department to focus on overall purchasing (and wrangling COGS into line), while Harvey and her co-wedding designer, Ashley Woudwyck, transitioned from their $15/hour and 6 percent commission rate to salaried workers, which meant lunch breaks, coffee breaks and days off were suddenly optional. Their base pay would be cut by more than a third (to around $20,000 a year), but they would earn commission on a sliding scale from 9 percent to 13 percent. If the designers hit $250,000 a year in sales, they’d earn about the same amount as they had under the previous system. If they made $300,000 a year, they’d earn more. If they earned less than $250,000...they’d have to leave the business. (To see a breakdown of how Clara and Manny arrived at these figures, see “Do the Math,” p. 28. To understand the changes they made to compensation outside of weddings, see “Gold Standard in Daily Design,” below.)

That was the gist of the plan Manny and Clara presented to staff in winter 2010. Sell more or move on.

Gold Standard in Daily Design
While the wedding department was a major focus of Tiger Lily’s overhaul, it wasn’t the only area. Clara and Manny Gonzales also introduced performance-based compensation to their sales team members and daily designers. The goal? Pay people as much as possible but keep wages below 30 percent.

As the lead daily designer, Beth Westgerdes is one of the transformation’s runaway success stories. To keep wages under 30 percent, the Gonzaleses set a standard that she produce 10 times her wage expense. “It set the bar for what we considered acceptable production levels,” Manny said. “If that level wasn’t achieved, we’d have to lower wages. One way or another, we were going to achieve that 10-times standard.”

As with the wedding department, the change prompted one of the shop’s two daily designers to quit. Fortunately, Westgerdes has far exceeded expectations. She can make $2,000 in sales on a good day, compared to $1,600 before the transition, with two designers. The new structure gives her lots of autonomy, too. She controls her schedule more and understands her targets. It’s not unusual for her to earn $125 a week in commission — which is good for the designer and for the shop. (She’s set the bar so high, and made such steady commissions, that designers who fill in for her on Westgerdes’ days off are clamoring for her spot.)

“Initially, I was nervous and a little excited, wondering if I would be able to the goals (Manny and Clara) had set,” said Westgerdes, who has been with Tiger Lily for seven years. “But about three months in I had the feeling of, ‘I’ve got a hold on this. I’ve got this down.’ Now, instead of being surprised by a good month or two, I have goals that I’m tracking, and surpassing. It’s given me a higher quality of life and a lot more freedom.” — M.W.
The Gonzaleses and their team don’t sugarcoat the transition phase. It was rough.

“We had some negative conversations, Gayla and I,” Manny said. “At times, I admit it, things were less than professional.”

Harvey is an introvert — “extremely quiet,” she said. (And maybe she, as an employee rather than a boss, sugarcoats the period just a little: “It’s hard to remember all of the details,” she said.) The new compensation structure demanded that she and Woudwyck become salespeople — and top-notch sellers at that, all-stars who could book $250,000 a year minimum in weddings... in a recession. They’d have to meet with more vendors, more brides and hit up networking and social events around town.

The shop’s existing reputation and referrals would take them only so far. The shift made Harvey so anxious that she took up running after work. (Before her job changed at Tiger Lily, Harvey had run a charity 10K or two; today she’s completed three half- and three full marathons.)

Harvey also countered the stress by taking advantage of every single resource and tool offered to her. Among them: weekly meetings to review numbers and plan next steps, a book club focused on sales reads (see “Choose Your Sales Adventure,” p. 28), and smartphones (so designers would be in the shop less and out selling and shaking hands more). Harvey also came to depend on a new general manager, Lisa Jackson, who was hired to help run the business and support the staff after the shakeup. An 11-year veteran of Ethan Allen, Jackson brought a sales mentality to the position the shop needed — and Harvey admired. (While relatively rare in the floral industry, performance-based compensation is a staple in other industries, including retail, insurance and real estate.) As manager, Jackson participates in weekly wedding, sales and executive team (Lisa, Manny and Clara) meetings, in addition to the daily 10- to 15-minute standing all-staff meeting.

The support paid off for Harvey, particularly the book club discussion, which gave her insight into how to think more like a salesperson. “We’ve talked about things like body language and reading people’s personalities,” she said.

For Woudwyck, the situation was different. She wanted to be a wedding designer, not a salesperson. “The way they presented the change meant that it was the potential to make good money doing something I love,” Woudwyck said. “But there were some frustrations along the way. The wedding industry can be very complicated, with lots of different personalities” that made meeting a sales minimum feel daunting.

In October 2011, Woudwyck decided to take a break from the industry. After two years working at Tiger Lily, she took a job across town as a manager at the Bubba Gump Shrimp Co.
Woudwyck’s departure brought mixed emotions for Harvey. She missed the companionship and opportunity to bounce around ideas. Among staff, the two designers were known for having a kind of secret language between them — e.g., when Harvey said magenta, Woudwyck knew the exact shade she was going for — raspberry, not purple-y.

But with Woudwyck gone, Harvey was in a better position to capture more commissions — and she wanted to make sure Clara and Manny knew she was up to the task. Instead of hiring a replacement, Harvey lobbied the Gonzaleses to let her fill in the department with designers from the shop’s daily design department, along with part-time workers and a dedicated intern — which made Harvey the lead wedding designer, with a support staff. Suddenly, she began to think: Maybe I can do this after all.

Week by week, meeting by meeting, book by book, Harvey proved she could succeed — beyond her own expectations and the Gonzaleses’ too. Overall sales in 2011 — Tiger Lily’s first year under the new compensation scheme and a bit of a transition year — were a little more than $1.4 million and total wages were $494,900, or 35 percent of sales. In 2012, sales were just about $1.5 million but wages were down to $439,762, or 30 percent of sales (the golden number for the formula). In other words, sales increased by more than $113,600 as wages fell by more than $55,000.

While some of that shift can be attributed to attrition, the staff that has remained is more efficient and better compensated, Manny said, and that’s good for everyone.

**“Magic” Formulas**

Here’s a breakdown of how Manny and Clara Gonzales now compensate staff, and more information on how they came to those numbers. While the couple happily embraces technology, when it comes to tracking sales, they are decidedly low-tech and ask each employee to keep tabs on her sales using simple, customized forms, on a notepad or laptop (which ever is a better fit for her job and personality.)

**ORDER TAKERS**
Base salary is $10 to $13 an hour. Every order taken over $100 earns a $5 commission, and another $3 for each additional $50. On orders over $150, they get $8 commission.

Since implementing this change, the average order has increased 16 percent, from $72 to $83.

“If I had to do this all over again, I would lower this commission to $5 for each order over $125 and $2 for each additional $50,” Manny admitted.

**DAILY DESIGNERS**
Here, the Gonzaleses follow a “Golden Rule” put forward by experts such as Paul Goodman, CPA, PFCI. The daily designer’s wage should be no more than 10 percent of the orders he or she produced. If her wages are less than 10 percent, she receives a commission to bring her up to 10 percent. If the wages are more than 10 percent of production, she does not receive a bonus that period. Tiger Lily’s lead daily designer now sells $2,000 on a good day — and earns around $125 a week, just in commission. Bonuses for holiday can exceed $300.

**WEDDING DESIGNERS**
The Gonzaleses reduced their two full-time wedding designers’ base wage by 35 percent (to around $20,000) and made them salaried, not hourly workers. They increased their commission to a sliding scale from 9 percent to 13 percent and set a sales goal of $250,000 per year. Exceed that amount, and the designers would meet their previous salary. Below that amount, they’d be gone.

The Gonzaleses backed into their sliding commission scale. “If the wedding wages were going to be 30 percent and I need 10 percent off that for overhead wages, that left 20 percent of sales of weddings to spend on wages,” Manny explained. Three percent of that goes to the help for wedding designers. “After that, I wanted to pay them as much as I can of that 17 percent.”

**ACT III: PAYOFF TIME**

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ACT IV: A NEW ROLE
Beyond the numbers, the change has transformed the way Harvey works on a daily basis. “I spend about 80 percent of my time selling, and 20 percent designing now,” Harvey said, a dramatic shift from the 50/50 breakdown of the past. She routinely meets with three to four brides for 90-minute sessions in a single day — and then spends the afternoon or evening on prep or setup. During the slower seasons for weddings (in Charleston, that’s July to August and November to March), she meets with vendors up to three times a week.

Crucial to keeping Harvey’s packed schedule on track: a support staff of Tiger Lily designers, which once again includes Woudwyck, who rejoined the team as a part-time, hourly designer in April 2013. (She got the itch to go back after working on the flowers for a Bubba Gump co-worker’s wedding.) The new role is a much better fit, said Woudwyck, who is now paid by the hour and scheduled strictly according to weekly volume, though she also fills in for the daily designer.

Far from pitting the women against each other, the new structure — Harvey as lead wedding designer and Woudwyck as her “right hand” — has improved their relationship. “Gayla sells it and I make it,” Woudwyck said. “Now I don’t have to split my time; I just design, which, for me, is the fun part.”

Harvey also has the benefit of a dedicated intern, courtesy of the store’s unpaid internship program, which Jackson helped formalize to capitalize on Tiger Lily’s proximity to the College of Charleston and Trident Technical College. (For tips on running a successful internship program, read “Master the Art,” p. 14.) Now, every Tuesday, Harvey meets with Woudwyck to plan out the week and decide which designers they need to pull in for upcoming wedding work. In separate meetings, Harvey updates Manny and Jackson, to avoid planning conflicts with Tiger Lily’s second location. (Manny, a former meeting planner — who hates meetings — has trained his staff to keep discussions to an hour max, but preferably half that.)

In 2012, Tiger Lily had $465,000 in wedding sales, $362,000 of which were Harvey’s. She earned a base salary of $22,000 and a commission of more than $36,000. In both 2011 and 2012, Harvey reached her minimum sales target, $250,000, by August. Harvey now sets her own goals, based on how much she wants to earn. For 2013, it’s $385,000. At press time, she was halfway there — an impressive feat even though, as Manny noted, most of the shop’s weddings occur in the first half of the year.

“Gayla has a legitimate shot at reaching her year-end goal, and realistically, that’s all you could ask for,” Manny said, explaining that, with her aggressive goal, coming up just short is no failure. “It’s like being in a Super Bowl but losing by a field goal in the last minute,” he said. “You know, with a break here or there, you could have achieved your goal and you’re still real proud of what you accomplished.”

While Harvey still gets nervous before meetings — and still considers herself shy — her transformation to salesperson extraordinaire is evident in the numbers. “There was never a key moment or change for me,” she said. “We just kept meeting, every week, to track numbers and talk about those goals.” As the numbers lined up, Harvey’s confidence grew, and so did her sales.

While Manny and Clara are thrilled with the change they’ve seen in Harvey, they’re loath to take too much credit. “I wish I had the ability to identify which employee will succeed, which business will thrive,” Manny said, noting that the beauty of the new system is that it empowers employees but makes them responsible: no more clocking in and out robotically.

“We ask ourselves to be excellent,” he said. “Now that we’re asking our employees to be excellent, they’re doing it. They’re proud of themselves and we’re proud of them.”
A good book on vacation (“Profits Aren’t Everything, They’re the Only Thing,” by George Cloutier) jump-started the Gonzales’ new compensation plan. Here are a few of the most influential titles they’ve read and shared with staff:

• “The Best Damn Sales Book Ever: 16 Rock-Solid Rules for Achieving Sales Success!” (Warren Greshes)
• “How to Close Every Sale” (Joe Girard and Robert L. Shook)
• “How to Win Friends and Influence People” (Dale Carnegie)
• “People Buy You: The Real Secret to what Matters Most in Business” (Jeb Blount)

Manny Gonzales’ criteria for a helpful book: a focus on core principles, not sales fads. “These books preach the same fundamentals over and over again: Be prepared, look good, build relationships, listen, follow-up, identify needs and solve them, etc. (It helped that) these books were written by very successful folks; it wasn’t just Crazy Manny with his opinion of the sales process.” — M.W.

COGS and wages weren’t all that was eating away at the Gonzaleses during their worst-best vacation back in 2010. There was another problem too — one firmly rooted in the wedding department. After 15 years, Clara — the department’s dynamic driving force — was burned out. The toll of pushing the shop’s wedding business to higher and higher levels had finally set in and Clara and Manny agreed that her skills and owner oversight were needed in purchasing, for COGS. Plus, if Clara stayed in weddings under the new compensation plans, she’d be competing against Harvey for jobs — potentially eating into her commission. Still, pulling away proved harder than Clara expected.

“I’d been doing it so long and it was easy for me to fall into the role if Gayla was out of the shop and a bride called in,” she said. “Then I’d get (emotionally) attached to that wedding.”

For a while, Clara would still step in to fill a hole or handle the occasional “quirky” wedding that didn’t quite fit a standard timeline, but even that proved problematic —for Clara and the shop’s long-term profitability.

“The approach wasn’t helping the department become self sufficient or figure out how many people they really needed to hire for a given job,” she said. Finally, after about two years of easing her way out, she stepped away entirely. “(Now) I don’t go to the wedding meetings. I have to not know what’s going on; otherwise, I stress about things — the weather, the setup.”

Manny and Clara also tried hiring two full-time wedding planners in January 2011, so they could capture a bigger slice of the planning pie. (If outside wedding planners were offering floral services, why couldn’t a florist offer planning services?) In the end, that venture didn’t pan out and Tiger Lily discontinued those services. (They continue to work closely with one of the planners, though; the other now works with a firm that provides its own floral services.)

“Planners work so independently; as an owner, I really had no control over what or how they did things,” Manny said. The planners he hired were excellent, but so many things can go haywire at a wedding. “When something went wrong, the Tiger Lily brand was thrown under the bus,” Manny said. “For planners to be paid well and still be priced competitively, there was very little profit left for Tiger Lily.”

Clara and Manny also had to respond to employee criticism. When the complaints mainly expressed discomfort about change, the pair held firm. When the feedback had merit, they responded. For instance, because Jackson joined the team, Clara and Manny were able to be away from the business more often. To ensure people (and payroll) weren’t burdened by their absences, they calculated the number of hours they needed to add to accommodate time away and reallocated that money to the designated staff member. They also invested in new marketing materials and a website revamp, after staff members pointed out these resources were dated.
The mood today at Tiger Lily is far from anxious. Harvey has grown into her new role, and the biggest thing on her wish list is more time to plan out new concepts. (High volume this year — 137 weddings through June 2013 — is preventing her from that for now.)

In 2012, Manny and Clara have met their longstanding goal of paying themselves off of profit, rather than an arbitrary set salary. (They earn a “strong percentage of the profit as a stock dividend,” Manny said.) More than that, Clara finally has time to leisurely enjoy her kids’ extracurricular activities, without eyeing the horizon for signs of thunderstorms that could mar the night’s big weddings. For his part, Manny finds himself in the unusual position of having time to reflect.

“We’re confident. We’re satisfied. We feel good,” he said. “I’m kind of feeling like, ‘How am I going to be when there’s no dragon to slay?’ I come into the office and things are running smoothly.” What’s next, he wonders? “It’s an interesting question.”

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EPilogue: HUNTING THE NEXT DRAGON

With guidance from a new manager, Lisa Jackson (left), and support from owners Clara and Manny Gonzales (center), designer Gayla Harvey (right) has made Tiger Lily Florist weddings more profitable — and earned more herself.