Signs of Recovery

Recession-tested florists reveal how they adapted to survive — and thrive.

By Amanda Long

When the recession sent her wedding business spiraling downward by 50 percent last year, Anaheim, Calif., floral designer Christine Saunders decided to go after her main competition in a whole new way. The owner of The Spiraled Stem Floral Design asked her rival, Lavender Hill studio owner Dawn Hansen, to start a business together.

In early 2009, Saunders and Hansen launched Flower DIYvas workshops to teach frugal brides how to do their own weddings. “The kind of bride who wants to do her own wedding flowers really is not our customer anyway, and this is a way to reach her,” Saunders said, adding that her kind of customer was in financial hibernation for most of last year. “But, yes, it seemed a bit crazy at first: I’m going to reveal the tricks of my trade to the customer, while my main competitor is standing there watching?”

It was better than standing alone in her floral studio, waiting for more brides to start coming back to pay for the whole extravagant fantasy.

“Flower DIYvas has helped me survive this recession, no doubt about it. Both financially and mentally, I’ve been able to be involved in building something, not just wallowing and wondering when it was going to be over,” she said. “And it’s led us both to think about our businesses in a whole new way and where we want to go next.”

That kind of radical repositioning is happening at more small businesses. “We are at the most dynamic moment in American business strategy since the mobilization before World War II,” Adam Werbach, global CEO of Saatchi & Saatchi, told CNN Money in an article about small business survival that included Saunders and Hansen. “Every company has taken a red pen to their business plan or is taking it now. The kind of cocksure attitude that has prevented collaboration in the past is gone.”

Floral Management talked to florists who’ve used the recession as the impetus to take a good look in the mirror and see what they needed to shape up, ship out and do better. And like Saunders and Hansen, these florists realized they need to lose the ego and ask for help.
Audrey’s Flower Shop was an institution in Gloucester when employee Heather Ann Wentworth-Peterson decided it was time to move out of the design room and buy the 68-year-old store in 2005. The oldest shop in town, Audrey’s had been humming along with sales between $450,000 and $475,000 when the owner retired and Wentworth-Peterson took over.

When sales came to a “screeching halt” in late 2008, Wentworth-Peterson, now 36, realized she’d never really left that design-room mentality, and the shop’s bottom line was paying for her neglect. “I didn’t know how to forecast, I didn’t know how to budget, but I knew how to design,” she said. “I used to go the Atlanta Gift Show and buy a year’s worth of foam, just confident that I’d use it all because we’d always sell more flowers.”

But in October 2008, business “just shut off, like a faucet,” she said. Monthly sales fell to about $25,000 from an average of $38,000. Wentworth-Peterson had to lay off three of the shop’s seven employees and break some bad habits. “It was very humbling; this shop had always been a success,” she said. “But I couldn’t just sit back and pretend it would get better and let my pride get in the way. I had to ask for help.”

Admit There’s a Problem
She immediately turned to her local Small Business Development Center (SBDC). Available nationwide and offered through the Small Business Administration, these centers offer free, one-stop assistance to entrepreneurs and small businesses.

After just one look at her books, the SBDC adviser told her to get rid of her individual house accounts. At the time, she had a combined 300 corporate and individual accounts — and $18,000 in receivables, largely from individual accounts.

The previous owner had extended credit during the good times, and Wentworth-Peterson admits she did not have the nerve to tell those longtime “customers” (who hadn’t paid in years) that the good times were over.

When the adviser showed her the raw numbers, the new owner says she had all the encouragement she needed. She immediately sent a letter to all personal house accounts, advising them that the practice was ending, effective immediately. She ended up writing off $850 for deadbeat accounts, but most house accounts paid up. Audrey’s now has about $5,000 worth of business accounts, and all pay within 30 days.

Wentworth-Peterson also reached out to SCORE, another free resource that pairs retired executives with business owners. Counselors at both organizations urged Wentworth-Peterson to get a tighter rein on her daily expenses and overall buying plan. And for the first time, she began forecasting sales and buying inventory accordingly. (See box at end of article for links to forecasting articles.)

Now, she has a daily budget that helps her determine sales goals for the day and set incentives for the staff. “If I know I need to ramp up sales toward the

NEW ARRANGEMENT The recession made Heather Ann Wentworth-Peterson realize she needed to get a grip on the finances and future of the shop she’d bought in 2005.
end of the week, I’ll have an incentive contest with the staff to sell add-ons,” she said of her daily QuickBooks monitoring. “It’s very empowering to know that I’m able to cover my expenses and show my staff how their efforts directly impact the bottom line.”

Audrey’s Flower Shop has a leaner inventory, now that this one-time market shop-aholic said she’ll never buy in big quantities again (and still curses the 2007 haul of containers that sat in the backroom collecting dust and losing their trendiness).

Instead, she goes to the Boston Flower Market sometimes three times a week and works with local wholesalers to keep her inventory in line with her orders.

Share Your Story
Before the recession, the long-time designer kept her focus directed inward toward her own store and, in large part, to her own designs. When she began looking beyond her workbench, she was comforted to find other business owners struggling just like she was and ready to share her story.

She joined the local chapter of Business Networking International, the world’s largest such organization, which has been described as “networking on steroids.” BNI’s success depends much on the referrals members make for one another. Wentworth-Peterson’s first BNI meeting was her first foray into networking. The 60-second introduction required of newcomers helped her to discover her inner commentator and business cheerleader. She’s now made connections with caterers, photographers and an accountant and also landed herself a gig teaching classes at the local college. The referrals from the fellow wedding vendors have been critical, as Audrey’s Flower Shop becomes more and more of a wedding florist.

My Shop, My Brides
When Wentworth-Peterson bought the business, the shop did about 20 weddings per year. “The previous owner never really went after the business, and it just slipped away each year,” she said. With everyday sales taking the brunt of recessionary spending, the neglected bridal business provided just the platform for Wentworth-Peterson to claim the business as her own and open up a new revenue source.

In the last year, she’s dedicated more time, marketing and space to the brides. She’s used her connections from BNI to secure exclusive deals with some wedding vendors for referrals and joined the Boston chapter of the National Association of Catering Executives. She opened a satellite consultation room 30 minutes closer to Boston for brides considering a destination wedding in Gloucester.

This past year, Audrey’s booked 140 weddings, accounting for 60 percent of sales and bringing a sense of accomplishment to the young owner.

New Year, New Attitude
The biggest lesson Wentworth-Peterson learned wasn’t from any business roundtable or advisory meeting, but from her own attitude.

“I’d hear people complaining about sales or talking about calling it quits, and I could just feel the negative energy starting to pull me down,” she said. “I didn’t want my customers feeling it too, especially when it was really rough and the customers coming in were few and far between.”

So she focused on paying her bills on time and keeping her mood in tact for customers and staff. That good mood has been easier to sustain as sales have inched up each month, with October 2009 posting a 10 percent increase, compared to October 2008.
A Country Girl Can Survive

SURVIVOR Frances Snowden
SHOP Ravenna Florist & Greenhouse, Ravenna, Ky.
KICK IN THE PANTS 35 percent drop in sales
OPPORTUNITY A new line of giftware
RESULTS Gift sales up 50 percent, overall sales up 10 percent

When Frances Snowden’s favorite local gift shop closed this summer, the florist didn’t start counting the days until the doom and gloom would reach her business, just down the street in Ravenna, Ky. Instead, she started counting her money to see if she could buy that shop’s wildly popular line of country-primitive décor.

The opportunity came at just the right time for Snowden. Sales at her Ravenna Florist & Greenhouse had been relatively strong through May 2009, up 18 percent compared to the previous year, until the recession let its arrival be known. “We felt it profoundly in June when our sales took a 35 percent nose-dive,” she said.

When the gift shop owner closed in July, Snowden decided to bank on those loyal country-primitive fans pulling her shop out of its nosedive.

She bought $2,000 worth of country-primitive decor and worked with the owner to bone up on company contacts. She cleared space in her showroom to display the new line and flea-market finds she’s added to complement the well-worn, cozy vibe — and eliminated lines that might distract from it.

Getting Social

In Ravenna (population: 700), word spread fast among country-primitive zealots when their rustic sleighs and angels moved to a new address. Snowden made sure they knew where to find them, with powerful visuals: outdoor displays on her covered porch, themed display windows and photos on Ravenna Florist’s new Facebook page.

While Snowden may have been taking her giftware back to simpler, home-spun times, she was leaving any semblance of traditional advertising in the dust.

“Print advertising does not work well here, so I could not spend more money on it,” she said.

Having read success stories in Floral Management about social media and brainstormed with fellow chamber of commerce members, Snowden got busy on Facebook, setting up a fan page for the shop, asking the chamber’s director and assistant to ask all their friends to become fans of Ravenna Florist and, most important, assigning a younger staff member to oversee Facebook updates and photo uploading. She’s using Facebook to announce when new merchandise arrives, show off pictures of weddings and parties and invite customers to the shop’s Friday evening flower happy hour. “Facebook is here to stay,” Snowden said. “It’s given me a way to reach new people: men and women from age 20 to 60 and teens — without much investment.”

She also got social the old-fashioned way, by making sure more people dropped by the flower shop. When a wholesaler offered her a deal on 100 roses for 35 cents each this summer, she saw those roses as the perfect invitation to passersby.

She put a sign out in front of the shop for $1.50 roses and quickly sold out. She’s been doing so ever since, charging no more than $2 a stem and spending no money on advertising, relying only on the sign and a Facebook post. “It brings in men and teenagers who come back and buy something else,” she said. “It has helped change the mindset of our customers who feel like they can pick up high-quality flowers even though times are hard.”

Indeed, many single-stem customers will pay to have the rose put in a vase with filler and greenery (none of which is discounted) or buy a dozen roses and have the shop’s designers arrange them. Cash and carry sales have increased 105 percent from July 1 through the end of the year, and the average sale is up slightly too.

Snowden’s instinct about the gift line — and, she suspects, her social networking efforts — are paying off. The shop’s gift sales for July 1 through the end of 2009 are up 50 percent compared to the same period last year. And she’s optimistic that sales will be $340,000, a 10 percent jump from 2008.
Heather and Jayson Waits love having fun in their shop, Bloomtastic, located in the heart of Ohio State Buckeye country in Columbus, Ohio. On game days, they paint the windows and crank up the football game on their satellite radios. For Valentine’s Day, they hire “Stat Girl,” a local radio station sweetheart, to record voiceovers for their sexy radio spots. They’ve advertised in a local high school’s paper and football program to show their playful, youthful side.

And like many small business owners, they often get so excited about getting the word out about their shop that they pounce on the next big thing in marketing — like Google Ad words — or something fun and cool but not exactly targeted or tested — like the high school football program that often winds up under the bleachers.

2009 was anything but fun. When the Waits began feeling the slightest pinch in sales and started seeing other once-successful shops close around them, they got serious about tracking the effectiveness of their marketing. With margins increasingly tight, Jayson and Heather knew they couldn’t waste a single penny on the wrong source of advertising.

“The recession forced us to know the exact source of our business,” Heather said. “Where did it come from? How did they find us? Why did they choose us?”

Target that Marketing
First, they spent a few months last summer studying their Web site traffic to see what drove the hits. That analysis led them to decrease the allowance on Google Ad Words from $75 to $50 a day and turn off the pay-per-click function at midnight. Jayson focused more on search engine optimization, “making sure we always popped up in the top three for florists in Columbus.” They’ve also become more vigilant in asking customers how they found them and encouraging customers to do online reviews.

At the same time, they cut out “frivolous,” hard-to-track marketing, such as that sports program sponsorships and a billboard across the street that instructed drivers to “turn left at light.” (They split the $1,200 cost with a neighboring computer shop, but never heard a single customer mention it.) However, when they started painting their large display windows with simple messages like “roses,” or Valentine’s Day last year, the feedback was instantaneous and continues to be. They spend about $150 to have the windows professionally painted several times a year.

The Waits began networking more and joined the Columbus visitors’ bureau. That membership gives them access to the group’s database for targeted e-mail campaigns. Bloomtastic already won an account with a high-end restaurant from it.

They invested $180 in lettering their vans with a full color logo, Web site and phone numbers. “Now our van is a moving billboard all over Columbus!” she said. And they’ve turned themselves into roving advertisements. Six months ago, Heather began making weekly sales calls to between 10 and 20 local businesses, armed with a bud vase, business cards and collateral from SAF’s business-to-business portfolio. Although she knows it takes time to really track the success of the program, early results are encouraging. In December, she visited 12 businesses and netted three orders from new customers.

From Where Comes the Bride?
Heather and Jayson also tracked the source of their wedding business, which accounts for about a third of the shop’s
sales. They started out with the intention of cutting the $1,500 spent on advertising in TheKnot.com, since it was such a large chunk.

TheKnot.com came in second in netting bridal business, bringing about $20,000 worth of weddings. Referrals were first; bridal shows were third. Given those findings, they’ve increased their ad spending on TheKnot.com, and Heather is now doing more to harness that bridal business by hosting a “What to do before saying I do,” workshop after the show, where a baker, photographer, stationer, wedding planner, DJ and caterer will join her at the shop to educate brides. The stationer is printing invites for Heather to pass out at the show.

Overall, marketing expenses — including TheKnot.com ads, product and time devoted to sales calls and Google Ad words — have increased from 4 percent to 8 percent of sales.

All this marketing realignment seems to have kept Bloomtastic top of mind: Sales were up 5 percent through November 2009, compared to last year.

Cut Those Expenses
The Waits were just as exhaustive when it came to cutting costs — Heather and Jayson left no line item unexamined.

“We put in energy-efficient light bulbs; we bought a bigger dumpster for fewer pickups; we stopped going out as to eat as a staff so often,” she said. “We just stopped spending money on little things that add up.”

They made a list of the flowers used in the Web arrangements and created a standing order of those flowers to arrive every Monday at a lower price from their wholesaler. “We buy it because we really are going to use it, not just because it is a cool flower,” Heather said.

While numbers may drive Bloomtastic’s marketing decisions and expense slashing, a personal touch still characterizes its customer service. They’ve kept up a long-standing practice of sending out hand-written thank-you cards signed by the entire staff to customers and new clients. “We really are going to use it, not just because it is a cool flower,” Heather said.

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Competitors Wedded to New Business

SURVIVORS Christine Saunders and Dawn Hansen
SHOP Flower DIYvas, Anaheim, Calif.
KICK IN THE PANTS Wedding sales down 50 percent
OPPORTUNITY Do-it-yourself brides
RESULTS A new business

Christine Saunders and Dawn Hansen never thought they’d be partners in the wedding business, but the two competing designers also never imagined their bridal studios would suffer they hit they did last year.

Both had noticed more brides setting unrealistic budgets for the wedding flowers, without any consideration of the scale of the wedding or invite list. Saunders said the average price brides wanted to pay kept falling around $2,000 — regardless of how extravagant or how well attended the affair. “They’d see these gorgeous designs in magazines and want them at 60 tables — even though their budget would accommodate nothing close to that,” Saunders said.

In late fall 2008, Saunders launched a preemptive strike against this drain on profits with a budget-conscious line of wedding flowers at The Spiraled Stem targeting that $2,000 customer. She called it the e-collection (economical and easy) and marketed it to brides “looking for uncomplicated design, a personalized touch and a great value.” Customers get to choose color scheme, a preferred accent flower, and then the designers use the VeriFlora-certified flowers available for

WASTE NOT!

Ask Georgianne Vinicombe, pictured with husband, Kevin, how her shop, Monday Morning Flowers & Balloons, is responding to the recession, and she’ll start bullet pointing the ways. “You have to look at every single area of your shop,” she said. “Don’t be afraid to negotiate and never underestimate even the smallest of change.”

Vinicombe shared her “trim the waste” checklist:

Ask for a break. Grab your bills and start looking for monthly contracts that can be renegotiated. Kevin Vinicombe, a self-described accounting fiend, asked the cell phone salesperson to track who was texting, usage times and other fees. That informal audit will save $75 to $100 a month.

Barter. The shop joined a bartering group and is exchanging flowers for advertising, printing and gift certificates.

Use it or lose it. The shop took a couple of older, less frequently used vans off the road and cut off a couple of extra phone lines. They started recycling “all kinds of office supplies,” and scope out gas stations for those with the lower prices.

Use it or else. No employee is allowed to toss a flower into the trash any more. Instead they must put it into a toss bucket where each item is entered into a spreadsheet that Georgianne reviews before buying. She’s since eliminated novelty flowers designers were either too scared to use or were hoarding, and she has trained staff to better use flowers, like daisies, that should “never wind up in a toss bucket.”

Move it. What started out as an effort to rethink storage space use in the shop’s two locations has ended in an entirely new address for one. Three years ago, Georgianne looked around the strip mall that housed the Yardley, Pa. satellite location and thought the shop needed a better home with a more visible storefront. But business was good and time was limited to undertake such a move.

The recession slowed mall traffic and kicked Georgianne back into relocation gear. She found a 600-square-foot space three blocks away, at a third of the cost. Although 400 square feet smaller than the mall location, the new one with street frontage is more conducive to the walk-in business of a satellite store. Her ultimate goal: take the rent savings and plow into a third similarly sized location.

“Don’t be afraid to get off yours!”

Repeat this mantra: Watch your pennies, and the dollars will take care of themselves. —A.L.
her wedding. She created collections between $1,900 to $2,300, based on four attendants for each the bride and groom and 10 reception tables (100 guests).

Brides would be able to see exactly what $2,000 would buy, and Saunders would be able to say yes to a cost-conscious customer without worrying about failing to meet her inflated expectations. In 2009, e-collection orders accounted for about 20 percent of The Spiraled Stem’s wedding orders, and several brides upgraded them from the basic package, Saunders said.

While the e-collection helped sustain her flow of orders, Saunders said requests from frugal fiancés who wanted to do their own wedding flowers themselves picked up as the economy slowed down.

Saunders knew the do-it-yourself model was a radical departure from her studio work, but she couldn’t afford to let business walk out the door last year. Turns out, Hansen was facing the same tug of war, between protecting your brand versus revenues.

They decided to jump in to together, sharing the risk and creating an entirely separate business from their own. They launched Flower DIYvas in January 2009, and held six, three-hour workshops in the first half of the year, charging $149 for each bride and $75 for friends and family members recruited to help.

The workshops, held in The Spiraled Stem’s large studio space, were a hit, and they realized the audience was bigger than Anaheim and beyond just brides, given the feedback they were getting from brides and wedding vendors.

So they filmed a do-it-yourself DVD. The video is a behind the scenes account of a fictional bride, Sarah, and her do-it-herself flower experience. The video shows Sarah and her friends going to the flower market and purchasing the right amount of flowers, setting up their work space to be ergonomically correct and doing the post-ceremony cleanup, among other steps customers never realize go into “doing the flowers.”

The duo sees potential for DVD sales with flower sellers, including traditional wholesale and retail florists, online sellers and grocery stores. They’ve just started marketing the professional line, but the pitch is this: By purchasing the DVD at a wholesale price from the Flower DIYvas, the florist resells that to the customer with the accompanying flowers as a “practice pack,” creating a $75-$100 sale (for the video and practice flowers) and potentially a full-scale wedding out of it. “Like us, these flower sellers will have the opportunity to create a sale they might not have otherwise had (the practice pack) and engage in meaningful conversation and a sales opportunity with a potential DIY bride who otherwise may not have used their services at all,” Saunders said.

So far, more than 100 customers have bought the $29.95 video and workbook through FlowerDIYvas.com, including a bride in Australia. The design duo partnered with the Association of Bridal Consultants to promote the video, because, as Saunders puts it, “when a bride does it herself, the other professionals involved really feel the absence of the florist.”

Saunders and Hansen said the Flower DIYvas venture did sometimes take a back seat when they were in production mode for bridal customers of The Spiraled Stem and Lavender Hill. “Going into 2010, we’ve made a conscious shift to focus more on FlowerDIYvas while still doing what we love: weddings and working with flowers,” Saunders said. “Having an additional revenue source allows us the flexibility to not rely on weddings as our sole source of income.”

Amanda Long is the managing editor of Floral Management. along@safnow.org

We Told You So

Forecast those sales. Use Facebook. Change your light bulbs. The florists who made these changes thanked Floral Management for reminding them to do so. See past articles on forecasting, going green to save green and fighting the tough economy, go to www.safnow.org/inforadio