Q: I’ve never lost data—ever. Do I really need to spend time backing it up every day?

Apply that kind of logic to your life insurance. “I’ve never, ever died. Do I need life insurance?” Making a backup of your computer’s data is “insurance,” plain and simple. Like all the other insurance policies, you make backups each day hoping you will never have to use them.

Here’s a scenario you’ve probably experienced: You’re typing a document on your computer, but before you save it, the power goes out or you delete the entire thing by mistake. After saying a few appropriate epithets, you settle back down and start the project all over again, thinking, “if only I had saved that document...”

And there’s the backup problem in a nutshell. Except it may not be a simple document that needs retyping. It could be weeks of data you need to run your business. It might not even be possible to reconstruct what was lost.

So, if you resolve to do one thing this year: Make a daily backup. And once you’ve done that, be sure to take it home. Don’t leave your backup sitting next to the computer. One word: fire. Your backup will do no good if it is destroyed along with the computer.
Q: How critical is it really to empty the cash register daily?

Very. Cash should always be put in your safe overnight. It’s the same line of thinking as the backup issue.

You’ve never had anything stolen. It’s a hassle. Why bother? Let’s say when you come to the shop in the morning, you discover you’ve had an unwelcome night visitor. Your cash register is now likely empty – don’t you wish it was because you had removed it? You should remove your cash daily because it is the smart thing to do.

And while we are on the topic of cash, how often do you make bank deposits? If you are bringing in cash and checks of more than $500 a day, you certainly should be making a daily deposit.

Daily deposits not only protect your cash from possible theft, they will also actually make your accounting easier. When you balance your register at the end of the day, it will match your deposit. Any discrepancies will be that much easier to spot.

Q: I admit it. I don’t study my Profit & Loss statement nearly as closely as my accountant would like; I pretty much put it in my “Financial Statements” drawer and don’t look back. Am I setting my business up for failure?

Not at all. There are other reports to manage your business so you can make payroll when it rolls around and pay your suppliers on a timely basis. I once knew a very large and successful florist who just watched his bank balance. If there was ample cash, he figured he was doing OK. If cash was low, he cut back on spending. Simple? Yes, but it worked for him.

Most people are not excited about accounting. (I don’t take a personal offense at that.) But the downside of not knowing what your financial statements say is that you miss opportunities to make more money because you can’t identify where you spend unnecessary cash.

Resolve to monitor these three significant numbers: Payroll, Cost of Goods Sold, and Facility Expenses. Here’s what you should circle or highlight:

1. **Payroll expenses**: Wages, payroll taxes, workers’ comp insurance, and any benefits like medical insurance.
2. **Facility costs**: Rent, utilities, building insurance and property taxes, and repairs and maintenance.
3. **Cost of Goods Sold**: This can be a challenge if you are not separating out your purchases by major categories. If you aren’t classifying them, start now.
4. **Fresh product sales**: Arrangements of all kinds plus loose flowers.
5. **Total sales**: For some, this will already be a single number. For others you will have to add your total product sales with “Other Revenue” to get your total sales.

Now you have the most important numbers. All that’s left is to get the proper percentage for each of the three critical areas. Divide the total payroll and the total facility expense numbers by your total sales. Divide your total fresh purchases by your total fresh sales. You now have three percentages.

- The total facility expense should not exceed 10 percent.
- The total fresh purchase expense should not exceed 25 percent.
- Your total payroll expense should not exceed 30 percent (35 percent if you have multiple locations). If the owner/manager is not on the payroll, your target is 20 percent (25 percent for multiple locations).

These percentages should help you pinpoint your problem area(s). If you exceed one of these targets, that’s where you need to put your management attention.

Though your complete Profit & Loss sheet doesn’t warrant a full analysis every month, you should review all the other expense categories in detail at least twice a year.

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