

EXAMINE YOUR SYMPATHY BUSINESS

Learn a lesson from one shop that put its sympathy business under the microscope.

HERE'S A FACT OF LIFE: FUNERALS CAN BE PROFITABLE FOR FLORISTS. In my work with florists, I've found that most profitable and service-minded florists have a substantial amount of sympathy work.

Unfortunately, many florists, with robust sympathy sales, are actually losing money on it. And florists who complain about not getting any sympathy business from funeral directors often underestimate the time it takes — sometimes years — to win over this potentially lucrative business.

Here's a real story about two owners of a florist shop who put their sympathy business under a microscope and discovered how to change their formula for funerals.

WAITING THEIR TURN

Trisha and Bob Fiorini had owned Flora, a flower shop in the Northeast, for about 12 years. Both were veterans in the flower business; both had worked at long-established shops in their city of about 150,000. Their business was profitable, but just by a thread. It was always hard to pay bills. They had built a good base of everyday business to go with their core holiday and wedding sales. They knew that funeral work was important to their business, but didn't really know how or if it made them money.

"It's too bad all the funeral homes are locked into relationships with two main florists," Bob said. "I'll bet we could double our business if we could only get some of the funeral homes to use us exclusively."

The two florists were paying commission to work with other funeral directors. "With our sales volume so low, we can't afford to offer any special deals to anyone," Tricia noted.

Their situation isn't a new one. Generations of florists developed their funeral business by establishing relationships with funeral homes and funeral directors, offering discounts or paying commissions in exchange for service referrals. This made sense for both the funeral home and the florist: The funeral home served as a pipeline for business to the florist, and in return, the florist customarily offered commissions of 15 to 20 percent to funeral home directors.

TICKET #	CUSTOMER OR DESIGN	TOTAL COST	SALES PRICE
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
	TOTAL OF ALL ARRANGEMENTS	\$	\$
	ACTUAL COST OF GOODS SOLD	%	%
	TARGET COST OF GOODS SOLD	%	%
	AMOUNT OF EXCESS COGS	\$	

Make a chart like this one to track COGS on sympathy business. Add more rows for more orders.

Payment of commissions decreased in the 1980s, when the Federal Trade Commission investigated the funeral industry, requiring funeral homes to disclose commissions to customers. Trisha and Bob knew all about the FTC requirement, but that didn't give them much of a wedge into the funeral homes. "We've tried," they said. "Funeral directors are more likely to stick with the same florists they've done business with all along."

TAKING A DIFFERENT ROUTE

Bob and Trisha made some calls on the funeral homes in their city. They delivered a beautiful complimentary arrangement to the residence of each senior director. Later in the week, they called and asked a few questions, trying to find out what they could do better to win over the business. What did they learn? Funeral directors now expect florists to be more competitive and just like any other business owner, they're looking for service and quality for their customers.

They developed a good relationship with one funeral home and presented the director with two options: Did he want a 20 percent commission on flower sales? Or did he prefer to have longer, interest-free terms to pay off his own? He chose the the 90-day payment terms. This par-

ticular funeral director feels more comfortable not taking a commission and prefers to have more time to pay his flower bill.

Gradually, Bob and Tricia watched orders from that funeral home increase to account for 20 percent of the shop's funeral/sympathy business (the rest comes via wire-in orders and direct orders from local customers). Although it took some persistence and patience, focusing their efforts on one funeral home was starting to pay off.

TRYING TOO HARD TO IMPRESS

At the same time, the couple wanted to tackle the profitability of sympathy work. They began to take note of the smorgasbord of arrangements on display at the funeral home and churches. Comparing their work with that of others, Trisha noticed a potentially profit-eating trend: florists tend to "stuff" the arrangements with expensive flowers to make theirs stand out in the lineup at the funeral home.

Arrangements from Flora were innovative, thanks to Trisha's design expertise. She knew she could make hers stand out without stuffing and she wanted a system to keep her from doing so. To make sure cost of goods (COGS) were in line, they

tracked COGS on sympathy arrangements for two weeks. (See form, left.)

AT THE END OF TWO WEEKS, THE FIORINIS HAD SOME HARD DATA TO GO ON:

- They had 44 sympathy orders, 10 from wire-in, 26 from local customers, and eight from funeral directors.

- Sympathy orders totaled \$1,826 in sales.

- COGS for those orders were \$679.27, or 37.2 percent of sales.

- Their target for COGS is 32 percent.

Conclusion: In just two weeks of sympathy orders, they lost \$94.95 in profit of COGS.

At this rate, they would stand to lose about \$2,500 per year in profits. Based on this wake-up call, they agreed to a "two-week test" every quarter.

SLOWLY, SURELY

After a year, the data revealed that the shop's sympathy and funeral sales accounted for about 17 percent of overall sales. And 20 percent of those sales were from the one funeral home that they had focused on.

"We've learned to track our sales and continue to focus our efforts on providing the highest quality service at a profitable price," said Bob. "We know we have to be constantly committed to profitability, keeping COGS in line."

And do they have something to show for it? A huge spike in sales? Nope. Funeral home orders only account for 3 percent of the shop's totals sales. But their efforts weren't without reward. "Finally, after 12 years in business, we are getting orders from a funeral home directly. But there's no quick fix to increase sales."

So while their relationship with the funeral home is priceless, they'll have to stay consistent and persistent in service and follow-through if they want it to be profitable as well. 🌿

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