

## Industry Data & Analysis



Doug Morris, (901) 377-8528 x 103 / dmorris@tax-force.com

**Industry:** 45311 - Florists  
**Sales Range:** Yearly sales under \$1 Million  
**Data Source:** Private Companies  
**Location:** US - South What's my region?  
**Prepared On:** 2/6/2012

### INDUSTRY FINANCIAL DATA AND RATIOS

#### Average by Year (Number of Financial Statements)

Financial Metric	Recent 12 Months (6)	2011 (7)	2010 (14)	All Years (201)
Current Ratio	5.54	5.38	2.00	2.63
Quick Ratio	3.44	3.57	0.58	1.01
Gross Profit Margin	56.98%	58.29%	53.47%	55.16%
Net Profit Margin	5.26%	3.50%	-5.11%	0.55%
Inventory Days	68.02	57.97	60.69	47.44
Accounts Receivable Days	16.96	17.68	10.32	17.56
Accounts Payable Days	18.07	18.61	23.33	25.06
Interest Coverage Ratio	77.10	77.10	14.80	9.83
Sales per Employee	N/A	N/A	\$76,934	\$66,749
Profit per Employee	N/A	N/A	\$3,510	\$1,205

**INDUSTRY DATA COMMON SIZE**
**Average by Year (Number of Financial Statements)**

<b>Income Statement</b>	<b>Recent 12 Months (6)</b>	<b>2011 (7)</b>	<b>2010 (14)</b>	<b>All Years (201)</b>
<b>Sales (Income)</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Cost of Sales (COGS)</b>	<b>47.22%</b>	<b>44.99%</b>	<b>46.53%</b>	<b>44.84%</b>
<b>Gross Profit</b>	<b>56.98%</b>	<b>58.29%</b>	<b>53.47%</b>	<b>55.16%</b>
<b>Depreciation</b>	<b>1.29%</b>	<b>1.10%</b>	<b>1.24%</b>	<b>1.26%</b>
<b>Overhead or S,G,&amp; A Expenses</b>	<b>49.00%</b>	<b>52.45%</b>	<b>41.34%</b>	<b>43.73%</b>
<b>Payroll</b>	<b>0.00%</b>	<b>0.00%</b>	<b>22.59%</b>	<b>23.91%</b>
<b>Rent</b>	<b>0.00%</b>	<b>0.00%</b>	<b>6.42%</b>	<b>6.61%</b>
<b>Advertising</b>	<b>0.00%</b>	<b>0.00%</b>	<b>2.26%</b>	<b>2.58%</b>
<b>Other Operating Income</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.01%</b>	<b>0.01%</b>
<b>Other Operating Expenses</b>	<b>0.59%</b>	<b>0.51%</b>	<b>10.13%</b>	<b>9.39%</b>
<b>Operating Profit</b>	<b>6.10%</b>	<b>4.22%</b>	<b>-2.04%</b>	<b>0.78%</b>
<b>Interest Expense</b>	<b>0.30%</b>	<b>0.26%</b>	<b>1.28%</b>	<b>1.26%</b>
<b>Other Income</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.03%</b>
<b>Other Expenses</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.03%</b>	<b>0.05%</b>
<b>Net Profit Before Taxes</b>	<b>5.26%</b>	<b>3.50%</b>	<b>-5.11%</b>	<b>-0.50%</b>
<b>Adjusted Net Profit before Taxes</b>	<b>5.26%</b>	<b>3.50%</b>	<b>-5.11%</b>	<b>-0.49%</b>
<b>EBITDA</b>	<b>6.84%</b>	<b>4.86%</b>	<b>1.36%</b>	<b>2.02%</b>
<b>Taxes Paid</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Net Income</b>	<b>5.26%</b>	<b>3.50%</b>	<b>-5.25%</b>	<b>-0.50%</b>
<b>Balance Sheet</b>	<b>Recent 12 Months (6)</b>	<b>2011 (7)</b>	<b>2010 (14)</b>	<b>All Years (201)</b>
<b>Cash (Bank Funds)</b>	<b>12.45%</b>	<b>12.55%</b>	<b>5.69%</b>	<b>7.50%</b>
<b>Accounts Receivable</b>	<b>29.79%</b>	<b>30.59%</b>	<b>9.75%</b>	<b>16.98%</b>

## LIQUIDITY

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*What are some potential ways to improve the company's ability to meet obligations as they come due?*

- ▶ Barter to help maintain cash in the business. A florist who needs flyers printed, for instance, may be able to arrange a deal with the local printer who wants to reward a special client with a floral arrangement. Remember to consider any tax consequences that could arise from bartering.
- ▶ Watch the payment terms of credit cards, if they are accepted by the business. For example, some credit cards have payment terms of ten days as opposed to the one day terms of others. Longer terms prevent the business from collecting actual payments until much later.

## PROFITS & PROFIT MARGIN

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*What are some things the company might do to develop favorable profitability trends?*

- ▶ Invest in new technology, such as an inventory control system, which will allow you to efficiently monitor inventory levels and item costs.
- ▶ Form cooperative arrangements with neighboring florists to get volume deals on the purchase of vases, ribbons, foam, etc.
- ▶ Use contracted employees for delivering flowers when applicable instead of having delivery personnel on payroll. Often, contracted delivery people can cost the business anywhere from \$6.50 to \$9.00 per delivery. However, having a delivery person on payroll could cost the business somewhere around \$15 per delivery with insurance factored in.
- ▶ Generate accurate financial reports on a timely basis -- within 40 days of the end of the financial period. This will help ensure the usefulness of the data for examination purposes. Good financial reports are the backbone of management decisions.
- ▶ Reduce payroll costs, including any overtime expenses as applicable, by maintaining an ideal number of employees and monitoring the number of hours that each employee works.

## SALES

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*What are some things the company can consider to encourage sales growth?*

- ▶ Keep lists of customer anniversaries and other occasions. Make courtesy calls/emails to customers to offer potential products they could purchase. Consider offering a gift to those customers that frequent the business often.
- ▶ Sell giftware, particularly unique or unusual products that are not stocked in a competitor's shop. Work with local artisans to find these types of products. Since the pieces are often handmade, they can be sold at a higher price.
- ▶ Cultivate and strengthen customer relationships by educating customers. Don't just sell flowers, but also provide information on different flower varieties as well as how to care for purchases.
- ▶ Display the achievements of the business where appropriate. For example, obtain and display testimonials

and/or awards won. This can help establish the business as a quality provider to potential customers.

