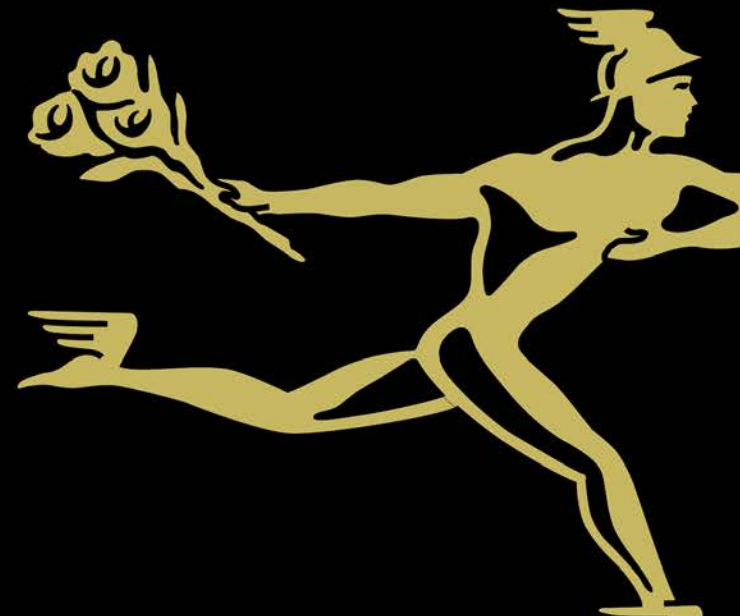


Best Practices for Benchmarking

Kyle Brown, CPA
Lone Star Bloom

June 16, 2015





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Revenue

Revenue

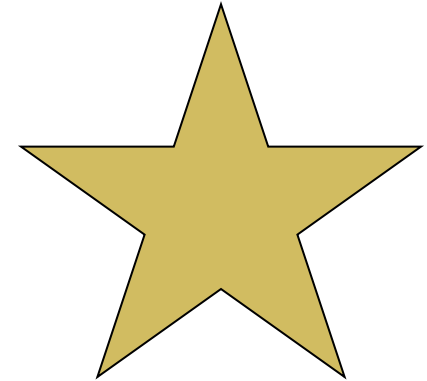
- Revenue Streams
 - Local Store Sales
 - Incoming Wire Sales
 - Outgoing Wire Sales
 - Delivery

Sales	
Store	\$ 70,000
Wire In	\$ 25,000
Wire Out	\$ 5,000
Delivery	\$ 10,000
Revenue	\$ 110,000



Revenue

- Refunds
 - Keep local Quality Star score
- Sales Tax
- Net Revenue



Revenue	\$ 110,000
Sales Tax	\$ 10,000
Net Revenue	\$ 100,000





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Cost of Goods

Cost of Goods

- Chart of Accounts
 - Detailed as possible
 - Total Costs between 31%-34% Net Revenue

Net Revenue	\$ 100,000	100.0%
Cost of Goods Sold	\$ 33,000	33.0%
COGS - Edible	\$ 1,000	
COGS - Florist to Florist	\$ 2,000	
COGS - Fresh Cut	\$ 23,000	
COGS - FTD Marketplace	\$ 1,000	
COGS - Hard Goods	\$ 4,000	
COGS - Plants	\$ 2,000	



Cost of Goods

- Commissions
 - Incoming
 - Outgoing
 - Record 80% Fulfillment Commission
 - Clearing



Net Revenue	\$ 100,000	100.0%
Commissions	\$ 10,750	10.75%
Incoming	\$ 5,000	
Outgoing	\$ 4,000	
Clearing	\$ 1,750	



Cost of Goods

- **Gross Profit**

– Benchmark depends on revenue mix

Net Revenue	\$ 100,000	100.0%
Cost of Goods Sold	\$ 33,000	33.0%
COGS - Dropship	\$ -	
COGS - Edible	\$ 1,000	
COGS - Florist to Florist	\$ 2,000	
COGS - Fresh Cut	\$ 23,000	
COGS - FTD Marketplace	\$ 1,000	
COGS - Gifts	\$ -	
COGS - Hard Goods	\$ 4,000	
COGS - Plants	\$ 2,000	
Commissions	\$ 10,750	10.75%
Incoming	\$ 5,000	
Outgoing	\$ 4,000	
Clearing	\$ 1,750	
Gross Profit	\$ 56,250	56.25%





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Expenses

Expenses

- Chart of Accounts
 - Keep Small
 - Clearinghouse Fees Tracked Separately
 - Exclude Marketplace and POS Payment

Expenses		
Advertising	\$ 1,000	1.0%
Auto	\$ 1,000	1.0%
Contract Labor	\$ 2,500	2.5%
Wire Clearinghouse Fees	\$ 4,000	4.0%
Fuel	\$ 2,000	2.0%
Insurance	\$ 2,000	2.0%

Office & Supply Expenses	\$ 2,000	2.0%
Payroll Expenses	\$ 23,000	23.0%
Rent or Lease	\$ 4,500	4.5%
Repair & Maintenance	\$ 1,000	1.0%
Utilities	\$ 3,500	3.5%
Total Expenses	\$ 46,500	46.5%



Expenses

- Payroll
 - Most important and controllable account
 - Sales forecasts a necessity
 - 23%-27% of Net Revenue including owner
 - The smaller the shop the lower the payroll
 - \$200K Revenue <21%
 - \$600K Revenue <23%
 - +\$1M Revenue <25%



Expenses

- Lowering Costs
 - Lower rent by extending lease term
 - Ask for timely payment discounts if not using a credit card
 - Reevaluate insurance coverages
 - Ask your CPA how to lower your bill by being more organized
 - Centralize purchasing; reduce number of vendors to gain leverage on volume





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Delivery

Delivery

- Track Delivery Revenue Separately
- Costs
 - Fuel
 - Auto Repair/Maintenance
 - Not to be mixed with store R/M
 - Depreciation Expense
 - Driver Payroll
- Profitability
 - Ensure your delivery team is profitable
 - Do not be afraid to raise delivery prices





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Profits

Cost of Goods

- Net Income

Net Revenue	\$ 100,000	100.0%
COGS	\$ 33,000	33.0%
Commissions	\$ 10,750	10.75%
Gross Profit	\$ 56,250	56.25%
Expenses	\$ 46,500	46.5%
Net Income	\$ 9,750	9.75%





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Case Study

Case Study

- 2 Years of Income
 - 1 Year minimal Wire Income
 - 1 Year substantial Wire Income
- Absorption
 - Low margin business used to improve benchmarks
 - Green = fixed costs
 - Drastically reduces benchmark
 - Yellow = variable costs
 - Nominally reduces benchmark



Case Study

	Minimal Wire		Substantial Wire	
Sales				
Store	\$ 355,000		\$ 355,000	
Wire In	\$ 25,000		\$ 125,000	
Wire Out	\$ 20,000		\$ 20,000	
Total Income	\$ 400,000		\$ 500,000	
Sales Tax	\$ 29,287		\$ 29,287	
Net Revenue	\$ 370,713	100.0%	\$ 470,713	100.0%
Commissions	\$ 22,750	6.1%	\$ 49,750	10.6%
Incoming	\$ 5,000		\$ 25,000	
Outgoing	\$ 16,000		\$ 16,000	
Clearing	\$ 1,750		\$ 8,750	
Cost of Goods Sold	\$ 121,600	32.8%	\$ 148,900	31.6%
COGS - Edible	\$ 7,200		\$ 9,000	
COGS - Florist to Florist	\$ 2,400		\$ 2,400	
COGS - Fresh Cut	\$ 80,000		\$ 90,000	
COGS - FTD Marketplace	\$ 2,000		\$ 10,000	
COGS - Hard Goods	\$ 20,000		\$ 25,000	
COGS - Plants	\$ 10,000		\$ 12,500	
Gross Profit	\$ 226,363	61.1%	\$ 272,063	57.8%



Case Study

Expenses	Minimal Wire		Substantial Wire	
Advertising	\$ 4,500	1.2%	\$ 4,500	1.0%
Auto	\$ 2,000	0.5%	\$ 2,500	0.5%
Bank Charges	\$ 600	0.2%	\$ 600	0.1%
Contract Labor	\$ 4,500	1.2%	\$ 5,500	1.2%
Depreciation	\$ 4,000	1.1%	\$ 4,000	0.8%
Wire Clearing House Fees	\$ 28,000	7.6%	\$ 32,000	6.8%
Fuel	\$ 5,400	1.5%	\$ 6,000	1.3%
Insurance	\$ 4,000	1.1%	\$ 4,000	0.8%
Office & Supply Expenses	\$ 5,000	1.3%	\$ 6,000	1.3%
Payroll Expenses	\$ 95,000	25.6%	\$ 115,000	24.4%
Rent or Lease	\$ 25,000	6.7%	\$ 25,000	5.3%
Repair & Maintenance	\$ 8,000	2.2%	\$ 8,000	1.7%
Utilities	\$ 8,000	2.2%	\$ 8,000	1.7%
Total Expenses	\$ 194,000	52.3%	\$ 221,100	47.0%



Case Study

	Minimal Wire			Substantial Wire	
Net Revenue	\$ 370,713	100.0%		\$ 470,713	100.0%
Commissions	\$ 22,750	6.1%		\$ 49,750	10.6%
Cost of Goods Sold	\$ 121,600	32.8%		\$ 148,900	31.6%
Gross Profit	\$ 226,363	61.1%		\$ 272,063	57.8%
Total Expenses	\$ 194,000	52.3%		\$ 221,100	47.0%
Net Operating Income	\$ 32,363	8.7%		\$ 50,963	10.8%





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Questions???

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Handouts are available at:

FTDi.com/FTDUniversity/webinarmaterials.htm

Webinar will be available to view at:

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