



YOUR LABOR INVESTMENT

Maximize sales potential by getting the right employees in your departments.

BY CINDY HANAUER

It's no secret that developing great employees also attracts great customers. However, the modern-day "scale-down, reduce-expense" initiatives of many businesses bring countless challenges to justify and retain this important lifeblood.

In March 2016, the U.S. unemployment rate remained relatively unchanged since last August, at 5.0 percent, or 8 million people. Conversely, we in the retail trade generated the most overall employment growth by adding 48,000 jobs in March alone.

In my article last month, "Nurturing Your Department's Financial Roots," we discussed sales and profits as being the most important objective of every executive in our industry. Why? Because sales—and the gross profits generated from them—create the capital by which all other business expenses are paid within a department, labor being the most important of those.

So before we go further on the topic of workforce, we must remember to be continuous warriors of everything within the business that generates the pool of funds needed to support our employee costs: sales growth, shrink management, upgrade/upcharges and margin optimization. Employee costs generally range from 18 percent to 20 percent of sales, and they are sometimes higher in floral departments offering a complete menu of services.

The strength of the profit-and-loss statement—namely sales and margin—will determine what each department can afford in wages, remembering that sales and gross margin growth is primarily achieved by investing the right labor in the department to begin with. Trying to achieve financial growth without the right labor in each store is like sitting in a restaurant without chefs in the kitchen preparing the meal.

workforce tip no. 1

Labor isn't a "one-size-fits-all" philosophy.

In order to decide how much labor you need, you must first identify the brand of service for each floral department. This intricate analysis is done on a store-by-store basis, and not every store will have the same need.

Here's how to break it down:

LEVEL 1—BASIC STORE OPERATIONS: Regardless of demographics, every store has basic, ground-level labor requirements such as ordering, receiving, pricing, merchandising, balloon management, product maintenance, reports and inventory. These tasks are an integral part of operating the most basic form of business and should be applied to every store.

Formulate a list of these basic tasks for each store, with an estimated time each one should take based on store volume. If a floral department is not receiving these base hours—or cannot afford them—then the long-term potential of this floral department should be carefully reviewed because an unmaintained department will cause a poor quality perception that affects the entire store.

LEVEL 2—BASIC UPGRADE/ENHANCEMENT HOURS ADDED: Upgrade/enhancement hours will cover the amount of customized work that is offered in each store. In some cases, there may be a set of stores that sell only "as-is" products. These stores, generally referred to as "self-service," would receive only Level 1 hours. Other stores that offer basic upgrades are identified as "Level 2" and would receive hours in addition to the Level 1 hours to complete simple upgrades such as adding baskets, bows, picks, flower stems and balloons.

Tip: An upcharge fee is normally added to the base retail price to cover upgrades and enhancements. The formula is: **Base product plus upgrade product cost plus labor fee** equals the new retail price.

LEVEL 3—PREMIUM UPGRADE/ENHANCEMENT HOURS ADDED: Level 3 floral departments perform Level 1 and Level 2 functions but are also equipped to offer premium upgrades/enhancements such as custom arrangements, event work, weddings, funerals, wire fulfillment and other more complex creations. Departments that offer premium upgrades are identified as "Level 3" and would receive additional hours on top of Level 1 and 2 hours.

Tip: An upcharge fee—normally higher—is added to the base

retail price to cover premium upgrades and enhancements: The formula is: **Base product** plus **upgrade product cost** plus (usually higher) **labor fee** equals the new **retail price**. Additional fees should be added for delivery and custom on-site setup, if required.

workforce tip no. 2

Tailor customer service hours to the store's demographics and traffic.

Many times, customers can be serviced within the normal routine of department maintenance and upgrading. In other cases, additional hours should be added to cover earlier or evening prime-time hours based on the demographics and traffic of the overall store. Normal service hours will change based on holidays and should be updated accordingly to take advantage of peak customer traffic during these important weeks. If additional people are required to cover these holiday hours, the instructions should be sent to the field teams at least four months in advance.

Tip: Peak hours for supermarket traffic in most areas is between 4 and 7 p.m. weekdays, and 11 a.m. to 3 p.m. on weekends. These hours are important time frames to provide service in most floral departments as well.

workforce tip no. 3

Remember to account for training hours.

On average, U.S. businesses spend \$1,208 per new employee for training, scheduling an average training time of one to two weeks. Additionally, labor hours should be budgeted for the higher education of current employees to cover holiday planning meetings, new program training and specialized training for weddings, wire service and the like.

Tip: The average replacement cost per employee is \$5,000, so employee retention is critical to the long-term health of the business. Use these five "R's" to keep your best employees involved and passionate about their jobs: responsibility, respect, revenue sharing, rewards and relaxation.

workforce tip no. 4

Avoid labor drains.

Utilizing the right labor, with the right people and at the right time, is the nucleus of your business. Avoid these "labor drains" that are expensive and can become the difference between achieving your net profit goals and missing them completely:

SCHEDULED OVERTIME: Overtime hours scheduled in advance due to a known and/or unresolved labor need.

INCREMENTAL OVERTIME: Overtime hours caused by hourly associates punching in early and/or staying later than their scheduled time.

FRICTIONAL OVERTIME: Overtime hours scheduled at the last minute to cover sick calls, no-shows or terminations.

workforce tip no. 5

Solve labor challenges with creative solutions.

One of the largest scheduling challenges in the floral business

is scaling up and down to meet the labor needs of the holiday seasons, where some holidays peak at five times a normal week's volume. Then post-holiday, the week's sales fall to some of the lowest of the year, where minimal labor is required. Use these seven ideas to help soften the labor crisis that holiday peaks and valleys can cause:

1. Keep key department leadership intact through the peaks and valleys.
2. Work with other departments within the store to identify energetic people who could use extra hours during these peak weeks. Interview and train these temporary helpers in the basics of the floral operation well in advance.
3. Ask current employees for the names of relatives who may be able to help during peak weeks. Interview and train these temporary helpers in the basics of the floral department operation well in advance.
4. Build a relationship with local temporary staffing services, which have great on-demand resources for immediate, short-term hiring.
5. Include hiring tips and guidelines in holiday planning meetings, with an estimated number of extra hours needed in each store based on the holiday orders and sales volume.
6. Maintain the contact information of the stellar temporary employees within each store so they may be easily contacted for the next holiday. This saves the time, effort and money that would be spent on training different helpers each holiday. Additionally, each time temporary employees return, they become more familiar with the business and more comfortable with customers.
7. Ask key suppliers if they have any post-production employees who are available to help. Remember, this labor is not free. Supplier labor is built into their cost of goods in the same way that we build labor into our cost of goods at the retail level.

the power of great employees

Hiring and empowering a great workforce is the most pivotal mission of every successful floral operation, large or small. Employees are the oxygen of the business in every way, and great employees maximize sales, generate incremental profits, eliminate unnecessary shrink and create frictionless shopping for our customers. Listen to your team members, train them, thank them and motivate them to reach for the highest goals. Take care of your employees, and the business will take care of itself. **sf**



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