

PRICING FOR PROFITABILITY WITH ALISON ELLIS

realflowerbusiness.com

Floralpreneur® Fundamentals

Your Path To Maximize Profits, Book Great Clients & Find More Freedom In Your Flower Business!

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1. Floristry Skills & Knowledge
2. Pricing for Profitability
3. Booking & Sales Skills
4. Building Brand Reputation

YOU ARE HERE!

WHAT WE'LL COVER…

- How To Apply Markups & Design Fees,
  To create beautiful designs your customers will love…

- 3 Easy Steps To Calculate Your Profit Margin,
  Because you cannot improve what you do not measure…

- How To Communicate Pricing To Customers,
  So you can maximize your profit margin & pay yourself more!

EVEN WHEN MY BUSINESS WAS STILL A SIDE-GIG…

- **I knew exactly how to bring cash into my business.**
- **I didn't second-guess myself on value.**
- **I always turned a profit on every order.**
- **And my business steadily grew.**



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It Doesn't Matter What You Charge If You Overbuy!



PRICING FOR PROFIT!

- Flowers: 3x-4x Markup on the wholesale cost
- Supplies: 2-2.5x Markup on the wholesale cost
- You also add a design fee (30-40% at least)
- Plus a delivery/set-up fee and breakdown/removal if required

MARKUPS IN ACTION

Flowers get a 3x-4x Markup on the wholesale cost:

- 1 rose costs $1.89 x 3 = $5.67 per stem retail
- 12 x $5.67= $68
- + $12 greenery and filler = $80

Next, apply a design fee:

- $80 x 1.40 = $112

MARKUPS IN ACTION

Now, add in supplies/mechanics.

Supplies get a 2-2.5x Markup on the wholesale cost:

- $5 wholesale vase x 2.5= $12.50

Put it all together:

- $112 + $12.50 = **$124.50 Retail Price**

MARKUPS IN ACTION

Here's the profit breakdown:

- $124.50 Retail Price
- $27.68 Spent on Flowers + Supplies
- $96.82 Profit
- **That's a 77% Profit Margin**





DO YOU CALCULATE YOUR PROFIT MARGINS?

SHOULD YOU?

THE ANSWER IS YES!

3 MOST IMPORTANT NUMBERS TO KNOW…

- Sales
- COGS (cost of goods sold)
- Profit Margin

WHY IS TRACKING PROFIT MARGIN SO IMPORTANT?

You cannot improve what you do not measure.

How are you going to increase your income and improve your margins if you don't track them?

3 EASY STEPS TO CALCULATE PROFIT MARGIN

1. Add up the amount spent on Flowers + Supplies = COGS

2. Total Sale - COGS = X

3. X / Total Sale = Profit Margin



LET'S USE REAL NUMBERS:

- Total Sale = $4,643
- Amount Spent on Flowers + Supplies = $990 (COGS)
- Sale - COGS = $3,653
- $3,653 / $4,643 = 0.78
- 0.78 = 78% Profit Margin (on cost of flowers/supplies)



DON'T SET A SPENDING GOAL. SET A PROFIT GOAL…

The goal is to make at least a 70% profit on the cost of flowers & supplies!

All additional expenses (your additional COGS) *come out of this profit–*

That's why it's so important to consistently maximize your profits by applying the proper markups and design fees and avoid over-buying!

SET A PROFIT GOAL…

I made a profit margin of 78% on that real wedding example I just shared.

And if I had a spending goal of 30%, I wouldn't be able to reach that margin—my profit would be limited by the spending goal.

REMEMBER THE FLOWER MATH MOTTO:

It doesn't matter what you charge,
if you overbuy!





IF YOU'RE OPERATING AT A 50% MARGIN…

For every $50,000 in flowers you sell…

You could be leaving $10k in potential profit on the table
by not reaching that 70% profit goal.

Over 2 years,
that's $20k you're giving away….

Over 5 years,
that's $50,000 you could have kept for yourself…

WHAT WOULD YOU DO WITH AN EXTRA $10K-50K?...

Pay yourself more money
Save for Retirement
Start a college fund
Take a Vacation (or two)
Pay off loans or debt
Buy more plants
Take fewer events next season

ALL because you're keeping more of the money you're already making!



I'VE BEEN IN BUSINESS FOR 24 YEARS…

That means if I didn't maximize my margins over all these years, even if I just sold $50,000 in flowers/year,

$10,000 x 24 years= $<u>240,000 in lost profit</u>

I'd have left ALL of that money <u>and MORE</u> on the table.

REMEMBER:

All additional expenses come out of this 70% profit margin; payroll, utilities, rent, all of it.

That's why it's essential to maximize that profit margin on flowers & supplies—don't set a spending goal.



YOU ALSO WANT TO ESTABLISH A MINIMUM ORDER.

WHY IS SETTING A MINIMUM SO IMPORTANT?

- Set standards for your work.
- Sets expectations for clients.
- Allows you to quote quickly and confidently.



CLIENTS DON'T SET PRICES.

- Set minimums based on your recipes so you can feel confident in quoting accurately and fairly for what the client has requested!

- Then communicate clearly with customers so they know how to move forward from here…



HOW DO YOU COMMUNICATE THE MINIMUM?

It's not enough to post it on your website!

4 EASY WAYS TO PRESENT A MINIMUM…

1. Introduce a minimum in an email prior to scheduling a consultation.

2. Reiterate your minimum order on the phone/ during consultation.

3. INCLUDE YOUR MINIMUM on in the initial quote —if you take only ONE tip, make it this!

4. Try a combination of ALL 3!

Q: WHAT ABOUT FEAR OF REJECTION?

You cannot be the "right" florist for everybody.

You WILL be told no.

(And that can actually be a GOOD thing.)

Your goal cannot be to "become the cheapest florist".

AS SETH GODIN SAYS…

Competing on price is a race to the bottom…

What do you do when you get there?

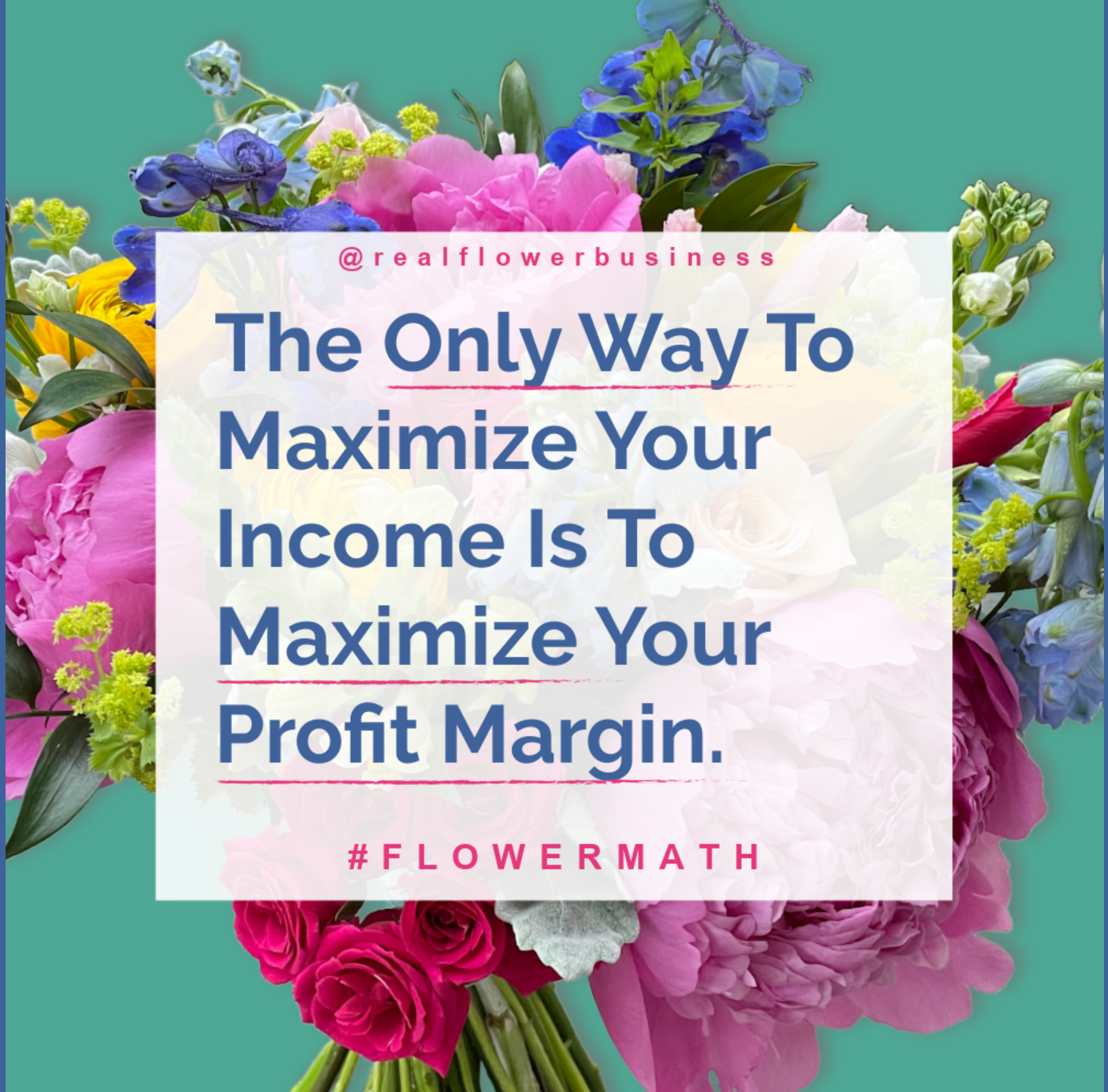
What happens when you win?

You're "the cheapest florist".

PRICE WITH CONFIDENCE!

1. **Aim for a profit goal** of at least 70% on flower & supplies.
2. **Communicate Confidently** when quoting weddings, events & daily orders.
3. **Maximize your income** by following industry pricing standards AND avoid overbuying.




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The Only Way To Maximize Your Income Is To Maximize Your Profit Margin.
#FLOWERMATH