

### **The Business**

A business consisting of two long-established flower-shops each providing flowers and gifts to passing trade, Interflora deliveries, flowers for wedding venues, flowers for funerals and some office flower contracts. At the time the business employed eight people including the owner.

### **The Problem**

The owner was an excellent florist but had had no management training. The shops had historically been profitable before the recession, which had had some impact on turnover but overall the business had held up well as the shops are each in good locations. The owner was increasingly worried about business losses and cash flow and had already racked up significant unpaid bills with their main flower supplier as well as being hit by a number of unexpected VAT, PAYE and other costs. One of the shop leases was due for renewal and she wanted to understand whether to renew, reduce to one shop or perhaps shut down altogether. They had changed accountants and were in the process of implementing and being trained on Sage. They had no real idea about the profitability or otherwise of individual products or the two shops.

### **The Solution**

Following initial review and discussions we helped the owner to:

1. Review the cash flow of the business and identify ways of generating cash quickly;
2. Establish a means of recording individual transactions in the shops so that all the required data would be available to enter into Sage and margins could be measured;
3. Set up Sage codes so that it would produce the reports necessary to run her business;
4. Understand the basic financial concepts of profit and loss, balance sheet and cash flow;
5. Review the P&L for the previous three years to understand where the profit leakage was;
6. Implement purchasing controls and alternative suppliers to improve margins;
7. Develop a three-year budget to assess the viability or otherwise of the business and to identify the necessary changes.

### **The Result**

1. The owner now understands what was going wrong in her business;
2. The owner now has the tools to manage her business and understands the linkages between the numbers and what happens in the shops;
3. She now has a budget and action plan for the next three years which will turn a millstone into a valuable, well-run and sellable business;
4. The owner can now understand which products are most profitable and use this to develop a marketing strategy to increase turnover;
5. She understands the profitability of each shop and can use this to negotiate a new lease.