Business Process Management: Floral Shop Case Study

Dave and Sarah (husband and wife) opened a floral shop in the metro Denver area ten years ago. At the time, they were in their late 60s. The floral shop was intended as a way to ease into retirement and spend time with their favorite hobby: flower arranging.

Over the years, the business expanded. Currently, the shop employs twelve people:

- Three professional florists
- Two delivery drivers
- Three cashiers
- One accountant/bookkeeper

- One office manager (a recent Daniels MBA grad)
- One part-time event planner
- One part-time marketing manager (who is Dave and Sarah's daughter)

The shop enjoys success in both B2B and B2C operations. The per-year revenue breakdown is:

$	250,000	Revenue from Local Deliveries
$	225,000	Revenue from Distance Deliveries (through partnership with FTD and other networks)
$	65,000	Revenue from Pick-ups (customers who come to pick-up bouquets and other small orders)
$	125,000	Revenue from Business Customers, including grocery stores
$	400,000	Revenue from Large Events, including parties, weddings, and funerals
$	**1,065,000**	**Total Revenues**

The two largest growth areas are (1) the B2B business, which has grown almost 50% in the last year, and (2) the event planning business, which has grown over 100% in the last year. The event planner, in particular, turns down at least three event requests per month, because she is unsure if she and the shop can handle the business. She maintains her records in a meticulously kept journal. Marketing dollars are currently spent only on the local delivery and pick-up businesses, through coupon mailings and yellow-page ads. Currently, $1500 per month is spent on marketing, including professional printing and postage.

The shop has a computer that acts as a cash register; this unit also provides access to FTD and other floral networks. There is another computer in the back office that is used primarily by the drivers for MapQuest and by the accountant for Excel spreadsheets. The accountant is sure that many accounts receivable are not being collected and that their own accounts payable may be overdue, or possibly overpaid. Furthermore, the drivers note that, while they try to plot their routes in advance, they often find that the routes are inefficient, wasting both time and gas (they are not sure how much they actually spend on gas per month, but drivers are sure there is a more efficient system).

The cashiers and drivers are paid hourly, while everyone else is salaried. (The drivers and event planner often collect tips as well.) The office manager tracks time for the hourly employees via paper time cards. The cashiers tend to be high school students, and there is a large turnover in these positions.

Flowers, balloons, stuffed animals, ribbon, vases, and floral supplies are ordered as-needed, when one of the employees notices that they are almost out of one of the products. There is no tracking system in place. Oftentimes, defective products, such as damaged or dead flowers, arrive from

wholesalers. These products are promptly discarded, but no notes are made. Additionally, florists, who create each item uniquely for each order, report that a considerable amount of flowers are disposed of each week, because they have wilted or died before being used in arrangements. No one is sure of the extent of the problem.

The shop generally has very high customer approval ratings and a large repeat business, but has had some customer complaints about wrong orders, poor service, defective products, or late deliveries. In these cases, the customer order is refunded, and no further follow-up or records are made.

Within a twenty mile radius, there are five other florist shops with similar services (two of them are chains). Only one other florist among the five has a similar B2B business, and none have as extensive an event planning business as Dave and Sarah's shop. The office manager and marketing manager are trying to define their competitive advantage and their vision and mission.

The office manager, who managers daily operations of the shop now that Dave and Sarah are in semi-retirement, has approached the owners about the need for more systems, in order to manage the business processes more appropriately and grow the business. Dave and Sarah, who are now in their 70s, live part-time in Phoenix, and are no longer involved with daily operations. In fact, they rarely visit the store. They just want the store to keep producing a healthy retirement account. Dave and Sarah are open to any ideas at this point, but they are somewhat skeptical of technology.

> **What systems would you propose the shop use, keeping in mind their current needs, future growth opportunities, and revenue? How would you sell the ideas to Dave and Sarah? How would you assure that the changes are implemented smoothly?**

Suggested Steps (from www.techtarget.com)
1. Identify processes in the florist shop that can be better managed through IT solutions.
2. Determine performance measures that assure synchronization across all these processes.
3. Select IT solutions that create one or more of the following: efficiency/effectiveness, speed/precision, risk reduction, innovation, and savings/profits.

Definition of BPM (from www.bpmg.org)
Business Process Management (BPM) is the term used by the IT industry to describe the support of the core activities of an enterprise, incorporating the technologies for workflow, synchronization, messaging, back-office to front-office integration, and the networking of applications and databases to support well-defined business processes. Because of its far reaching implications for the ability of enterprises to adapt, it is much more than a technology fad but a management issue that needs to be on senior management's agenda, driving the IT support of the business.