FAS *Floral Accounting Systems, Inc.*

December 20, 2002

Dear FAS Customer,

It's hard to believe another year has passed! It seems like only yesterday when we were all closing out 2001 and making preparations for 2002. Now it's time to get ready for 2003. FAS can provide you with documentation for performing the annual closing of the various FAS modules if you do not already have that information. In making preparations for 2003, FAS's payroll users will also want to be certain that they have the new programs required to print the W-2 forms for 2002 and the new tax tables required to process payroll in 2003. Those programs and tax tables are now available from FAS. To request the year-end instructions, the 2002 W-2 programs, or the new 2003 tax tables and payroll programs, please call FAS at (800) 830-6160, enter extension 305, and leave your name, your shop name, and your phone number, along with your request for the appropriate items. These programs will be electronically uploaded to those customers who participate in FAS's software maintenance and support program and whose accounts are current.

FAS Tips

Below is information about several FAS features that I believe you will find beneficial. FAS offers an address database that will allow you to look up and verify street addresses, zip codes, and delivery charges. Instead of typing an entire address, you simply enter the number portion of the address and a partial street name, just as you enter a partial name to look up a customer or vendor. The streets with names closest to the name you entered will be listed in alphabetical order, with the proper directional prefixes and street suffixes. You then select the desired street with one key-stroke. The system will verify that the numeric portion of the address you entered is a valid street number for the street selected. Version 2002 also provides this address look-up and verification function when entering new customers. You can edit the database by entering your own map coordinates, and the system will automatically print these coordinates on invoices and delivery tags. This software will also automatically provide the correct zip code for each address, allowing the system to automatically determine the proper delivery charge for each arrangement.

I have repeatedly written about the importance of a shop promoting its products within its local market. FAS provides a "referral analysis" function that is used to determine the effectiveness of various marketing efforts. You can enable this feature using option "I" of the System Setup utility program to determine the results of yellow page ads, direct mail, billboards, etc. Any FAS customer who called to inquire about a system may remember me asking the following question as we ended our first conversation. "How did you hear about FAS?" The responses to that question tell me which advertising medium is most effective. FAS purchased some very expensive magazine ads that literally did not generate a single qualified lead. We discontinued those ads. Use this software to track what works best for you. It takes only a second to record the customer's response, and the FAS system will report the quantity of orders and the dollar volume of sales generated by each source of advertising. Best of all, it costs you absolutely nothing extra to use this FAS feature!

One last tip I would like to pass along in this letter involves processing credit cards. Credit card processors utilize a function called "AVS", or Address Verification Service, to reduce the possibility of fraud. The idea behind AVS is that someone who stole a credit card or who somehow gained illegitimate access to a credit card number would not know the real card holder's *credit card billing address*. You may have noticed messages on your invoices that indicated the result of FAS's AVS check, e.g. Address and Zip match; Zip matches, address does not; etc. A transaction can be and often is approved, even if the AVS check does not match. You must use your own discretion in determining what action to take. In addition to AVS reducing the possibility of fraud, you can use AVS to lower your costs of processing credit cards. Many processors charge a hefty surcharge on transactions for which there is no AVS match. *Getting good addresses will save you money!*

I recommend that you set up customer accounts for all credit card customers. These customers represent a valuable marketing resource that can be targeted with direct mail or email. When your staff takes a credit card transaction over the phone, it is important that they request the address the credit card statement is mailed to. For example, if someone's shop account is under their business name, but the customer uses a personal credit card with a home billing address, you want the customer's *home* address.

Real-time vs After-the-fact
Most FAS customers understand the benefits of real-time order entry, i.e. entering the order at the time the customer places the order, as opposed to hand-writing the order and entering the information later. Having instant access to the customer's account prevents you from having to request account numbers, billing addresses, or credit card information, and it prevents you from charging an order to a past-due house account. The system will print out your work ticket, delivery tag, and enclosure card; authorize the credit card; and automatically transmit outbound wire orders. Similar benefits can be gained by using the features FAS provides to monitor the status of each order through design and delivery.

The FAS system will allow you to tell your customers if their orders have been filled and scheduled for delivery immediately upon retrieving an invoice. The FAS system can tell you in a matter of seconds how many orders of each type still need to be *filled* on a particular day (Invoice Menu option 2 and option D). The FAS system can also tell you in a matter of seconds which orders need to be *delivered* on any particular day (Invoice Menu option 4.1). These features will prevent you from overlooking an order, especially during the busier times of the year. The FAS system however, can provide these benefits only if you use the system as it was designed to be used. Just as we recommend that you enter orders as customers place the orders, FAS also recommends that you *mark orders filled immediately upon completing the arrangements*, and we recommend that you *mark orders delivered when the orders leave the shop in the delivery vehicle*. Orders that are not marked filled or delivered continue to appear on the production or delivery reports, respectively. If the reports are empty, you can be sure you have completed all of the day's orders. As a safeguard, you should print these reports every afternoon. Orders that appear on the report either have not yet been processed, or someone overlooked marking the orders filled or delivered. Version 2002 now allows "batch" entry of filled arrangements, just as we allowed batch entry of deliveries in earlier versions of FAS software.

Some florists refuse to mark orders delivered when the arrangements leave the shop saying, "But the order has not actually been delivered." That's true, but if you don't mark the order in some way, not only does the order continue to be listed as an undelivered order on the delivery report, yielding the report useless, but you can tell your customers nothing about the status of their orders, i.e. you don't know if the order is on its way to the recipient or if the order is stuck on a

back shelf in a cooler! If your driver marks the order delivered when he leaves the shop with the item, you can at least tell your customer, "The order left for delivery at 10:15. The order either has been delivered, or it will be delivered very soon." That, it would seem, is far better than not being able to tell your customer anything about the order. If all orders are successfully delivered, then no further action is required of the driver. FAS recommends using the "Trouble file" to record relevant information about orders that were not successfully delivered.

For those shops that don't want to mark an order delivered with the driver's initials until delivery has been confirmed, I recommend setting up a special "employee" with the initials "OFD" (Out For Delivery). Then, when a customer calls to check the status of an order and the order is marked delivered by OFD, you can tell your customer when the order left for delivery and still know that your driver has not yet confirmed delivery. Upon the driver's return, he can mark the orders delivered using his own initials. Version 2002 even allows the driver to enter the exact date and time each order was delivered. FAS's bar code scanner allows you to mark invoices filled and delivered in seconds, as quickly as you can pass the invoice or delivery ticket by the scanner. These features will allow you to process more orders and to operate with greater accuracy and efficiency.

A Long Way to Go

When FAS began allowing its customers to transmit IFA Florist Direct order through FASnet a couple of years ago, I was amazed at the reaction of many florists who received these orders. Although we have come a long way in educating florists, as thousands of florists now readily send and receive Florist Direct orders, the recent holidays indicate that the industry still has a long, long way to go toward educating shop owners. Many shops that receive traditional wire orders on their fax machines with messages saying, "THIS IS A REAL ORDER and should be filled and reported through the wire service selected above," call to say they don't accept fax orders. We ask, "Well, do you take Brand X orders over the phone?" "Sure", they say. Then, the shop will spend another 3-5 minutes re-writing the same order, as we read the EXACT information that is printed on the fax already in their hands. I personally spoke to another shop owner yesterday who called to reject a Florist Direct (credit card) order she received over FASnet, saying, "I don't accept credit card orders from florists." I asked if she accepted credit cards in her shop, and she said "yes", so I then asked what the difference was in accepting a credit card from John Doe or from ABC Florist. Then she asked why she should be expected to allow the sending shop a discount. I asked, "Would you accept this order through Brand X or Brand Y wire service?" "Sure", she replied. I explained, "The florist is requesting a 20% discount. If we send the order through Brand X or Brand Y, you will be giving a 27% discount." She absolutely refused to believe that she received less than 100% compensation for traditional incoming orders. To make this matter even more amusing, the lady had forgotten that *she had submitted a signed application*, complete with her delivery areas, credit card information, etc., to join an organization that implements florist-to-florist orders using a credit card with a 20%-80% split! A FAS shop called to discuss a similar situation with me. He had sent a $100 Brand X wire order to a shop. At the bottom of the printed order was the message, "Brand X will pay you $73 for filling this $100 order, and you will wait 30-45 days for payment. If we had sent this order to you Florist Direct, you would have received $80 today." The filling shop called the sending shop and said, "There is NO WAY I'm going to fill a $100 order for a payment of only $73. I'm rejecting this order." The sender said, "But this is a 'regular' Brand X order. Will you take the order over the phone?" The filler replied, "Of course", and happily filled and delivered the order. She'll never know--and she *doesn't want* to know--that Brand X will pay her only $73 for the order. FAS's customer then called to tell me, "We have got to make that message so simple even a 5th grader could understand it." "That's part of the problem", I said. "A 5th grader CAN understand it." Some time ago, I was driving home with my 10-year-old son, thinking about these very situations. I asked, "Son, if Daddy asked you to sweep the parking lot,

would you rather have $40 today or $36 a month later?" My son immediately answered, "Daddy, that's easy. I would take $40 today. It would be stupid to wait a month for less money." All I could say was, "Thank you, son."
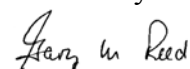
Latest & Greatest?
Vendors in all industries are always claiming to have products that are the "latest and greatest", "new and improved", or "the best in the industry." Sometimes the claims are true, and other times the statements are enthusiastic, exaggerated statements of opinion with little or no factual basis. There are good floral technology products, other than FAS, available to florists. But when Brand X or Brand Y claims to be "the most advanced" or "years ahead of the competition", uninformed buyers might mistakenly take those claims literally. It's one thing to say that Brand X's format of a report is a little more informative than FAS's report, or that FAS's invoice entry is a little easier to use than Brand Y's order entry. Those are *subjective* evaluations open to debate and discussion. However, it is an entirely different matter--a simple *objective* analysis--when one product has features that simply do not exist at all in a competing product. For example, one "most powerful" system predicts that it will have an inventory management system by next summer. FAS's inventory control system, complete with arrangement recipes and the event planner--other "new" features planned by FAS's competitors--has been available to florists for almost 6 years. Other "leading" systems, whose champions claim to be years ahead of the competition, will soon be releasing laser statements, laser checks, bar codes, the ability to allow a designer to itemize what they put in an arrangement, etc. Again, all features that have been available to FAS users for *years*. At the same time, users of some of these systems report experiencing repeated system "lockups", lost invoices and credit card transactions, and programming language errors that repeatedly shut the systems down. Ironically, the champions of those systems justify these problems as "just the price we pay to be on the leading edge." *The leading edge?* As I wrote some time ago, you don't have to spend tens of thousands of dollars and $300-$500 a month in support fees to get one of the most reliable, most comprehensive systems available. You *already* have it.

Software sale
Between now and December 31st, FAS is offering special pricing on several of its software options. During this time you can purchase FAS's Checkbook/General Ledger *and either* FAS's Time clock/Payroll system *or* FAS's Accounts Payable system for $500--half of what you would normally pay. In May, FAS announced the release of its new Dove interface. Many FAS users purchased the Dove interface and have reported that the software has been tremendously beneficial. However, numerous FAS users who are Teleflora members still do not have the Dove interface. The FAS Dove interface eliminates the need to manually re-enter outgoing orders into a Dove PC, and it eliminates the need to manually enter incoming Dove orders into their FAS systems. The Dove interface also eliminates errors that occur during manual data entry, and it eliminates the cost of a separate Dove PC. And since the orders you send and receive over Dove are electronically reported to Teleflora's clearinghouse, your auto-reconciliation software--another valuable feature of your FAS system--will produce a much higher hit ratio than you experience with manually reported orders, greatly simplifying the reconciliation process. Call FAS for more information about the Dove interface, or visit FAS's Web site at **www.fasinc.org** to learn more about FAS's products. Thanks.

Yours truly

Gary M. Reed
President