Feasibility Study for community florist set up

Bloom

October 2014

Group project for BCLP 2014
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1. Executive Summary of the Project

The project Bloom originally stemmed from our BCLP group’s drive to find a different and unique way to enable people experiencing disability, mental illness and/or disadvantage of any kind to purposefully engage and contribute to their community. However, we envisage that this project concept will not be limited to these groups and maybe adapted to any community oriented organisation which could be potentially interested to promote general community inclusion.

The aim of our project is to thoroughly investigate the feasibility of our proposed vision for developing a Community Florist Enterprise and to raise interest in the proposal with the existing community services providers in the area.

It is envisaged that the final outcome of this Feasibility Study will be a model for a cost effective and successful Social and Business Enterprise that could be developed and maintained by a local community organisation. The Feasibility Study will provide insight and valuable information such as possible set up cost involved, funding opportunities, available marketing options and strategies for placement of florist product, etc. that can be easily adapted and adjusted to their own organisational needs.

With the right support and funding of such a business enterprise, the overseeing community organisation could potentially support current program participants to prospectively explore and secure new, viable career options, meaningful employment opportunities and to better integrate into the community.

“Most people see what IS and never see what CAN BE” – Albert Einstein
2. Needs Analysis

The steady decline of the employment prospects in the Geelong region has been a major issue of concern for all of us in the past 10 years. This situation had only worsened with the recent massive redundancies from Alcoa, Qantas at Avalon and the impending closure of Ford by 2016.

"The unemployment rate for Geelong (SA4) in August 2014 was 9.2%, an increase of 0.8 of a percentage point compared to the previous month and an increase of 4.2 points compared to August 2013.

The August unemployment rate for Geelong (SA4) was 2.7 points higher than the Victorian unemployment rate (6.5%) and 3.2 points higher than the Australian rate (6.0%).”

“The region’s unemployment rate was 9.5 per cent for September, following large scale redundancies from Alcoa, Ford and Qantas at Avalon in recent months. “It’s no surprise, in fact I feel the figures are way higher than what are being reported,” Geelong Region Local Learning and Employment Network chief Anne-Marie Ryan said.”
(*Source: Cameron Best, ABC News)

It is quite evident that the opportunities for meaningful work engagement and possible career change in particular for people experiencing disability, mental illness and /or disadvantage are even more limited.

Through research of current employment options in the region, we found that organisations such as Encompass Community Services Inc, St Laurence Community Services Inc, Karingal Inc, provide opportunities within the sectors of retail (ie sales assistants in opportunity shops or recycled furniture shops); hospitality (ie cafe assistants or food preparation assistants); warehousing, horticulture & gardening, art & craft etc.

Establishing a Community Florist Project such as Bloom is unique and innovative. We envisage that it would be engaging; highly beneficial; allow for individual creative expression; promote both independent and team work and most importantly- would allow for new and meaningful career prospects; social integration and connectedness of all participants involved.

People with disabilities have abilities too and this is what this course is all about: making sure that those abilities blossom and shine so that all the dreams you have can come true
– By Mary McAleese
3. **Methodology**

Once we have established ‘our brand’, our project group met on regular basis to plan best approaches to conduct our research, allocate individual tasks and to discuss our findings. Our research was conducted through both ‘direct contact’ with potential stakeholders (via phone or in person) and also via Internet research. We also had a ‘field research day’ at the Encompass farm, “The Paddock” in Leopold.

Here are some of the research avenues and topics we have investigated for this study:

- current Geelong area employment trends and local statistics,
- local community services organisations and their social enterprises,
- small business set up guidelines,
- local florist and their suppliers (local flower growers),
- florist market trends and opportunities for product placement,
- Gordon Institute of TAFE Floristry courses (courses availability and requirements; availability of trainers to conduct workshops)
- local and state wide available grant resources that potentiall fit with our profile.

The research for this Feasibility Study was based around providing answers to the following questions:

- What is required to establish a florist as business enterprise in an existing community services organisation. How much funding would be required around the initial business set up and what are the average running cost projections?

- What types of services can we offer to make a ‘point of difference’ and to make the business enterprise successful?

- Marketing options and making the business sustainable and independently successful?

- Where to tap in funding resources?

- How to implement the project and the handover strategy?
Our field day at the Encompass farm “The Paddock” in Leopold
4. What is required to establish a community florist?

“In Floristry is a term used to describe the professional flower trade, which includes cultivation of flowers, their arrangement and the business of selling them”.

In our proposed community florist model Bloom, we envisage that the business will have the traditional physical “bricks and mortar” store or “pop up shop model” and a modern, on-line trading store (ie with 24 hr online catalogue sales) in order to be able to reach a larger and more diverse consumer base. Project participants would have an opportunity to be involved in a range of areas including basic floristry training and creation; retail/customer service (create floral saleable arrangements and provide customer service); delivery service, stock supply and ordering; administration duties, etc.

To begin with, any basic florist business would need a physical, designated and well equipped work station space, storage area with refrigeration units and at least one transport/delivery vehicle. It is estimated initial florist business set up would require a minimum budget of anywhere between $30,000 to $50,000. These items are considered ‘once off’ costs that would depreciate over a period of time.

Other expenses that need to be accounted for are the costs of the ongoing consumables that need to be purchased on a regular basis, as well as the standard business running costs. The largest expenses to consider would most likely be staff wages and rent.
5. Services that can create a ‘point of difference’ in the future expansion

Although the initial idea for Bloom is to trade as a florist and provide a retail/customer focus in a community florist model, long term goals could be for further expansion and diversification of the business to incorporate other products and services.

The florist business could potentially prosper and incorporate an opportunity to be involved in horticulture aspect growing flowers from seeds; to incorporate own flower farm (plant nursery), where the program participants could themselves be supported to propagate the flower seedlings, plant, grow and sell them as potted plants or use for cut flowers for arrangements in the florist shop, etc.

Bloom could also provide a platform for selling other selected products from any of the ongoing organisation programs they may have– ie art and craft program products such as handmade greeting cards, various textile products, paintings, ceramic pots and vases, organic food preserves made out from the fresh produce from the farm, etc.

Provided there would be sufficient and adequate room at the florist premises, this social enterprise could be potentially expanded further to incorporate external local community involvement with a consideration to run ‘floral arranging workshops’. This in turn would both raise the profile of the overseeing community organization and promote community inclusiveness.
6. Projected budget for the initial florist set up

In order to ensure the success of the project Bloom and to secure sufficient funding for it, we considered a simple budget projection for the initial business set up and the first couple of years of operation. Please note that all $$$ figures indicated in our Feasibility Study are only approximate estimate and are to be used as a guideline only.

(*all research based on and adapted from http://smallbusiness.chron.com/start-own-florist-business-4802.html)

Ideally, we envisage that the overseeing organisation engaging in this opportunity would have the advantage of being “incorporated” and would be able to accommodate the project on their existing premises. Through our research, we have established that most of the local community services organisations (ie Encompass CS Inc, St Laurence CS Inc, Karingal Inc) are:

- **Incorporated**, so the florist can be registered (with minimal cost) to trade as an independent social enterprise under the same incorporation
- **and have their own properties** to accommodate initial set up (to avoid rent/lease cost outlay).

Our web research indicated that the basic capital purchases -‘set up cost’ for the first year could amount to a minimum of $25,500 (see table below as an example only). These items are considered ‘once off’ and their value would depreciate over a period of time.

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work tables, benches and shelving</td>
<td>$2,500</td>
</tr>
<tr>
<td>Buckets</td>
<td>$300</td>
</tr>
<tr>
<td>Refrigerating System</td>
<td>$2,000</td>
</tr>
<tr>
<td>Delivery vehicle</td>
<td>$18,000</td>
</tr>
<tr>
<td>Computer &amp; special accounting system</td>
<td>$2,500</td>
</tr>
<tr>
<td>Helium tank</td>
<td>$200</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$25,500</strong></td>
</tr>
</tbody>
</table>

The florist could be initially successfully operated with two full time employees – one to manage the business side of the enterprise (business manager) and the other to design and assemble floral arrangements (qualified florist). However, additional part-time or casual employees could be hired to respond to higher workload demand (also subject to organisations’ budget availability).
All potential participants (clients) that would be engaged in the floral workshop programs are to be supported as needed by the overseeing organisation program support workers who are funded by the participants individual NDIS funding allocation.

Here is an example of a projected budget (guideline only for grant submission planning) for the expected running costs that would be required in the florists’ first year of operation:

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost $ per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Set up cost (capital purchases)</td>
<td>$25,500</td>
</tr>
<tr>
<td>Consumables (fresh flowers, containers, wrapping paper, ribbons, gift cards, vases, pots, balloons, other gifts, etc)</td>
<td>$20,000</td>
</tr>
<tr>
<td>Rental space</td>
<td>$12,000</td>
</tr>
<tr>
<td>Utilities (power, electricity, gas, petrol, phone)</td>
<td>$5,000</td>
</tr>
<tr>
<td>Staff wages, Superannuation, training (ie 2 workers at $40,000/yr base pay)</td>
<td>$100,000</td>
</tr>
<tr>
<td>Ongoing business accounting/bookkeeping</td>
<td>$3,000</td>
</tr>
<tr>
<td>Marketing (staff logo uniforms, logo stationery, business cards, signage, brochures, advertising, website maintenance)</td>
<td>$5,000</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$170,500</strong></td>
</tr>
</tbody>
</table>

In the first year of operation, we predict that the likely sales goal would be “to break even” and for the business to only generate funds to at least pay for its’ employees wages; therefore there would not be a profit margin.

So ideally for this to be viable, the business would need to operate smart and ‘turn over’ approximately $120,000 in the first year of business. For this to be realistic sales objective, the florist would have a set target to sell a minimum of 77 floral arrangements @$30 each approximately per week (or approximately 12 per day!). This is quite achievable and can only be improved for the business to start making profit in the years to follow with:

- smart promotion/marketing campaign,
- changing variety of products/floral arrangements,
- good quality control on inventory on perishable products (ie to minimize wastage of flowers),
- excellent customer service and timely delivery,
- ‘repeat sales’ to recurring customers, etc.
7. Marketing strategy for product positioning

In today’s business world it is quite obvious that when starting up a new enterprise it is not just a matter of setting up shop - there needs to be a demand and flexibility in the perspective of how to find an alternative way to ‘break into’ the market and to find a way to win the ongoing support of the potential customers.

Bloom will make most of the sales at the physical store and will market itself through ‘word of mouth’; online promotion via own Website, WOMO (‘word of mouth’ web) ‘Google my business’ Truelocal, Facebook, Twitter, Local Media- print and radio, networking with potential customers and businesses. Each of these promotional avenues will play an important factor in generating sales.

Selling flowers at strategic locations has proven to be a profitable retail business for many enterprises, by taking advantage of the market that is in most part impulsive in nature. Many people buy flowers on the spur of the moment and the simple presence of a flower vendor is usually their inspiration.

*Possible store sites (permanent or temporary ‘pop-up’):

- **Westfield Plaza Geelong** (temporary space, 3 month trial period; contact: Ella Parniak, 0417 657 807)

- **Waurn Ponds Shopping Centre** (casual leasing, 2 – 3 metre space, powered or unpowered, short term only; contact: Christine Pratley, Expo 0478 170 924 or contact: Kathy Bonnitcha, Kiosk Space 0418 177 791)

- **Bunnings Hardware Stores or Faggs Mitre 10 Geelong:** Seek support for pop up florist shops for three month trial period only to establish if there is a need to move forward with becoming a permanent project and establish own roots and sales point/venue.
**Bloom** may also hold ‘spot on’ special events sales ie: hire the COGG flower cart and sell at strategic events listed on the COGG event calendar such as:

- **Toast to the Coast** (Queenscliff)
- **Mussel Festival** (Portalienston)
- **NightJar Markets** (Fridays, all summer Dec through to Feb)
- **Steampacket Market** (every 1st Sun of the month at the Steampacket Gardens at the Pier)
- **Newtown farmers’ market boutique stalls** (cnr Shannon & West Fyans St. Every 2nd Sat once a month)
- **Local food and wine festivals** (Lara in March, Geelong in May, Queenscliff in June, etc)

Partnering with bridal salons, funeral homes, local service stations and the like. Networking with people in the community and local businesses could be a very important factor when generating prospective sales too.

Here’s a listing of the Geelong local florist wholesalers that assisted us with our market research:

- **Boomaroo Nurseries** - seedlings and advice on their propagation
- **Geelong Flower Farm, 392-400 Bellarine Hwy, Moolap** - wholesale of freshly cut flowers, pots, vases and other relevant consumables
- **Anything&Roses, 365 Bellarine Hwy, Moolap** – fresh cut flowers wholesales
- **SOHO Rose Farm, 1 Drakes Rd, Drysdale** – fresh cut roses wholesales
- **Santospirito Flowers Market, Footscray** - florist supply wholesale
8. **Funding/ grant resources that fit with the project profile**

When starting any new social enterprise in a community services setting, it is most likely that the overseeing organisation will need to either raise its own finance or secure grant funding for the initial establishment of the business. A reasonable funding approach could well be to consider ‘breaking down’ the project into stages and to resource funding accordingly.

There are two different marketplaces for sourcing funding that any community services organisation could ‘tap into’: **private** (business, corporate funds, philanthropic funds, etc) and **government** (including local/council, state and federal). The ones listed in this section are for information purposes and are a guideline only.

Our research has shown that there are numerous potential funding resources that this community florist concept would match the selection criteria for. However, some of these resources could be subject to application period specific to the time of the year.

The Geelong community is fortunate enough to have these locally available private grant sources such as:

- **GIVE WHERE YOU LIVE** – 
  [https://givewhereyoulive.com.au](https://givewhereyoulive.com.au) - providing funding in there major areas, one of which is “health and wellbeing” that is relevant to disability/mental health

- **GMHBA Health Insurance – Healthy Community Grants** – 

- **Bank of Melbourne - The local project** – (Victoria wide) 
✓ **WESTPAC - Social Enterprise Grant Program**
   - investing in social enterprises through stages of **exploring** (feasibility study), **seed** (establishing new enterprise) through to **strengthen and grow phase** (expanding enterprise operation and further growth)

✓ **Bendigo Bank – Community Enterprise Foundation**
   - supporting various projects and initiatives for positive local community outcomes

   - grants for projects promoting good health for all Australians and improving outcomes for people living with disability

   - grants for projects developing the skills and capacity of individuals, groups, communities and sectors that provide long-term benefits to Victorians.

✓ **Perpetual IMPACT Philanthropy Application Program**
   - annual grant program for not for profit organisation projects

Here are some government funding initiatives that fit with our project profile that may be considered as funding avenues:

✓ **COGG Community Grants Program**
   - providing once off funding $500 to $2500 per individual project implemented by eligible not-for profit incorporated organisations

✓ **Putting Locals First**
   - Victorian state government fund supporting regional communities to devise and deliver service and infrastructure responses that reflect local priorities.

The overseeing organisation may also consider assistance with some of the wages (ie **Supported Wage Systems, Wage Subsidy Scheme**) and any necessary workplace modifications for their employees (ie **Employment Assistant Fund**) through specific federal government initiatives.
9. **Project Implementation and EXIT Strategy**

This Feasibility Study is designed to be a model for a cost effective and successful Social Enterprise that could be developed and maintained by a local community organisation by adapting it to their own organisational capacity. It contains general guidelines for the florist establishment requirements and cost involved; ideas and strategies for product sales; marketing options; and resources on relevant local funding opportunities.

Our intention is that once the Feasibility Study is completed, the project team participants will present it to identified local community services providers in the area aiming to raise their interest and support of the proposed model.

Our communication strategy for the Feasibility Study Implementation is:

- to create a project promotional/presentation letter to the prospective supporters/project partners;
- to send the letter with an information pack to local community services organisations (ie Encompass Community Services Inc, Karingal Inc, St.Laurence Community Services Inc, etc);
- to follow up with a phone call to Marketing Manager/Operations Manager or CEO with the aim of setting up ‘face to face’ meetings and have the opportunity to present PowerPoint presentation of our project concept proposal.

We would also offer our support and resource knowledge to any interested organisation and to “hand over” our Feasibility Study to incorporate into the organisation or their ongoing programs. Following this, the project’s further sustainability would become the overseeing organisation’s responsibility.
10. Acknowledgements

The project team Bloom would like to thank the following organisations and individuals for their invaluable assistance with our Barwon Community Leaders 2014 project:

✓ Chris Evans, Facilities Officer, Encompass Community Services Inc;
✓ The Paddock, Encompass Community Services Inc;
✓ Floristry Courses Department, The Gordon Institute of TAFE
✓ The Geelong Flower Farm, Moolap
✓ City of Greater Geelong
✓ Boomaroo Nurseries Inc, Lara
✓ Matthew Fletcher, General Manager GRANTREADY

Without your insight and guidance our research would not have been possible.

We are the Barwon Community Leaders class of 2014
Mrs Elaine Robb, CEO  
Encompass Community Services Inc  
400 Pakington St.  
Geelong VIC 3220  

1st November 2014

Dear Mrs Robb,

We are a team of four participants, Peter Jackson, Michelle Stocks, Keith Westgarth and Olivera Kocovski, engaged in the current Barwon Community Leadership Program 2014 which is run by the Committee for Geelong.

We are writing to you to introduce ourselves and our project *Bloom*, which is a Feasibility Study for a Community Florist set up, to your organisation.

As a part of our Leadership Program we were required to work on a community based project. Our project *Bloom* stemmed from our team’s drive to find a different and unique way to enable people experiencing disability, mental illness and /or disadvantage of any kind to purposefully engage and contribute to their community.

*Bloom* is designed as a model for a cost effective Social Enterprise that could be developed and maintained by a local community organisation such as yours by adapting it to your own organisational capacity.

Our Feasibility Study contains guidelines and valuable information for the florist establishment requirements and associate costs involved; ideas and strategies for product sales; marketing options; and resources on relevant local funding opportunities. Although the initial proposal is for the enterprise to trade as a florist, long term outcomes could be further expansion and diversification of the business to incorporate other services and products eg: gift sales, nursery plant sales, art and craft, etc.

We are very passionate about our project and would very much like to see it implemented in a successful community services organisation such as yours.

We hope that you find our project idea appealing and that you may consider modelling a future Social Enterprise on it. Please feel free to contact Olivera, our project leader on 0425 801 508 or any of us for any further reference regarding the project. Looking forward to hearing from you.

With Regards,

The Project *Bloom* team