



News Release

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New WF&FSA President Calls Special Meeting; Offers Hope to Struggling Wholesalers

(Billy Hardin, incoming president of the Wholesale Florist and Florist Supplier Association (WF&FSA), delivered the following speech on February 24, 2006, at the Association's 80th Annual Convention in Lake Buena Vista, FL. Hardin is the president of Hardin's Wholesale Florist in Liberty, NC.)

"I'd like to start by asking for a show of hands on two very quick questions.

1. If I can give you a 21% return, will you give me your money?
2. Do you think that's a good return on investment?

So do I.

"Well, 21% was the average return on assets for the top wholesale performers in 2004 in the floral industry. How about that! Won't that give you hope? Doesn't that encourage you just a bit?

"I know what you're thinking. You're thinking, 'how did they do that?'

"Well, it's no secret. WF&FSA's Operating Ratio Report shows us very clearly what a profitable wholesale florist looks like on a P&L statement. The problem is, not enough wholesalers are savvy enough to take advantage of this information. I know that I'm preaching to the choir because all of you are getting 21% or better – right?

"The truth is, these high profit wholesalers are not too much different from the rest of us. There is no one big difference between high profit wholesalers and everybody else. There are multiple, small differences that, when combined, really add up. For example, highly profitable wholesalers have

- a little more sale growth,
- a little better gross margin (and I mean like one-tenth of one percent) and
- a little lower operating costs.

"If you participate in this report, you know that it clearly compares your data to typical wholesalers and the top performers. You know right where you stand.

"The report is a goldmine from a financial and operating perspective. It includes all the key ratios, shows you how to calculate them and tells you why they are important. And it does a great job of making sound financial management clear and understandable.

"I urge you to take part in the report this year. It's a 'no-brainer' – it's free. And, you don't have to have a financial report to tell you that 'free' is a very good price.



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"My goal in sharing this with you is two fold. First and foremost, I want us all to understand that there are profitable wholesalers in the floral industry. Yes, you can make money as a wholesale florist. Secondly, I want to point out that WF&FSA has the data to prove it. This is key, information we just can't get anywhere else.

"The Operating Ratio Report is just one of a variety of reports that are specific to the wholesale distribution channel and are available exclusively from WF&FSA at no cost to members.

"WF&FSA's challenge these days, however, is that we just can't seem to get enough wholesalers to take their noses off the grind stone long enough to see what the Association has to offer. I certainly can sympathize. We're all operating much leaner and, therefore, as owners and managers we are in the trenches a lot more than we used to be. But if you can find ways to participate in WF&FSA programs, investing your time and sometimes money, it will pay great dividends to you and your company.

"The industry has changed a lot in just the last year and is still changing rapidly. We know that wholesalers are struggling right now and we want to be sure that WF&FSA is doing all it can to help the wholesaler.

"WF&FSA can't operate in a void. WF&FSA needs to be connected. WF&FSA must be relevant. To accomplish this, I have called a special meeting of wholesalers in May. We're asking a specially selected group of wholesales to attend this meeting at their own expense. The meeting is specifically designed to listen to wholesalers talk about WF&FSA. Typically, a Board of Directors has different opinions than the general membership about the organization, because they are closer to it. This special meeting will help to close any gap that might exist.

WF&FSA Listens to Wholesalers

"We want the participants to do the talking. We are going to get down to where the rubber meets the road. We're going to listen and learn. For example, what do wholesalers value in WF&FSA programming, activities and events? What don't you value? What might you need that we don't currently provide?

"We will take the findings from this meeting to the Board of Directors, where we'll act on your suggestions and dole out projects to our Committees for action. It is likely that some programs will be modified or canceled, and surely there will be some new initiatives. The changes may be slight. Or they may be great. One thing is for sure: they will be what you, our wholesaler customers, want us to do.



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"And finally, in my year as WF&FSA President, I am going to make the ultimate sacrifice for you, my fellow wholesalers and for WF&FSA. I am going to open my company to public scrutiny and become an industry guinea pig. Yes, Hardin's Wholesale Florist has agreed to go under the microscope for the betterment of the floral wholesale distribution.

Hardin's Becomes B-School Case Study

"The Kenan-Flagler Business School of the University North Carolina in Chapel Hill has approached me about allowing Hardin's to become a case study. A team of MBA students will conduct the study.

"Let me share some comments from their proposal.

'Over the last several years, the historically stable floral industry has accelerated its pace of change. The advent of the Internet and big box retailers has created more than new distribution channels; it has changed the dynamics of the industry's value proposition from the growers to the consumer. New entrants have invaded every dimension and are altering the competitive rules. Traditional roles within the industry's value chain have morphed together or been bypassed completely as scale and product saturation have changed purchasing behavior across the board.'

"This next comment really caught my attention: 'In the middle of this now-polarized value chain resides Hardin's Wholesale Florists.' How about that? I'm in the middle. So are most of you.

"When these MBA candidates are finished taking my company apart, they hope to put it back together with a new value proposition to allow us to be more competitive in the value chain. By evaluating the industry and our company's core competencies, they hope to show me where Hardin's Wholesale can best compete. This is like one of those total makeover TV shows. I will share the findings with you through WF&FSA – and you can expect a much more attractive Billy Hardin.

"I'm not sure that I expect answers, but I certainly do expect intelligent, objective insights. I've met with these students and they are very sharp. WF&FSA also is cooperating with them by sharing industry information and reports. The project will be completed in April of this year, and I look forward to sharing the findings with you.

"Hopefully, we won't fare too badly being in the middle. At any rate, I expect we'll learn great ways to improve our individual company performance and uncover some best practices that all wholesalers may be able to use.



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"I am excited about my upcoming year as President of WF&FSA. I have hope for the future. I have hope for the industry and I have hope for our respective roles in it.

"There is a strong team now leading WF&FSA. More than 50 industry leaders currently volunteer their time to give WF&FSA direction and support. And although the staff is small, it is mighty.

"I encourage you to look to WF&FSA as an asset upon which you can rely for information, guidance and support during these critical times. If you are a member of WF&FSA, 21% ROA truly is an attainable goal – and you'll never have to go it alone."

WF&FSA is a dynamic business organization dedicated to providing members with the information, services and support they need to remain competitive in today's constantly changing market. The Association offers a wide variety of programs and activities to support its mission of enhancing networking and business opportunities for all floral wholesale distributors and suppliers.

WHOLESALEERS. Because it takes more than flowers to grow your business.®

WF&FSA

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