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Transportation Corner
By Chris Johnson

***This weeks
Transportation News!***

- As a reminder, Armellini Express Lines will be moving their Vista consolidation point to Jessup's facility at the Floral Trade Center at 5600 Avenida Encinas, Carlsbad, starting April 5th. There will be two receiving times at the new facility: 11:00 am and 12:00 noon. Please contact the Armellini office in Oxnard at 805-485-0804 for more information.
- We just received new air rates from US Airways and Air Canada today. Pricing is unchanged or lower for all zones and these rates take effect April 1st. We will be emailing our new rates on March 30 to members complete with all the latest tariff codes and information. If you have any questions, please contact me anytime at chris@cafgs.org

NORCAL

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"We are on a mission to get more flowers from California to their destination fresher and faster".

NORCAL NEWS



"California Association of Flower Growers & Shippers"

*Our Mission Statement:
"To get more flowers from California to their destination fresher and faster"*

The Five C's of Credit

Don Manor MBA—San Diego Wholesale Florist.

How much thought do you put into your account receivables? It just may be the biggest risk you take in your business. To evaluate your risk consider the Five C's of Credit: Character, Capacity, Capital, Collateral, and Conditions.

Character: Refers to the probability that your customer will honor his debt. Simply put, what is their payment history. Don't just check the references they provide. Would you put someone your not paying on your application for credit?

Capacity: Will your customer have the ability to continue to pay you? This is a subjective judgment based on where and how they do business.

Capital: Determined by the financial position of the firm and their tangible net worth. If they don't pay, is there still a way for you to collect your money?

Collateral: What they can pledge for security for the credit extended (ex. personal guaranty).

Conditions: What's the economy doing? What city are they in? What is taking place

that would affect their ability to meet the obligations they have with you?

The Five C's are important because if you guess wrong it's expensive. Consider that you have a non-collectable receivable account for \$2000.00. Assuming you have a 3% net profit (our industry standard is 1%-3%) you'll need to do \$66,667.00 in additional sales to recoup that loss.

According to Weston & Brigham authors of Essentials of Managerial Finance your accounts receivables cost approximately 8 % (credit line, loss discounts, use of capital, etc.) to carry receivables for 30 days. If your average pay is 45 days the cost would be 12%, etc. How much incentive do you need to stay on top of your receivables?

In closing let's take a quick look at risks and receivables. Statistically speaking with an 30 days past due you have a 93.1% chance of collection, 60 days a 85.4% chance. Get the Idea?

If you ever want to sit and chat feel free to stop by. We'll even give you a tour of North San Diego County where the flowers grow that they sell on Brannan Street .

MARK YOUR CALENDAR

*NORCAL (California Association of flower Growers & Shippers) invites you to attend your Member Meeting which will be held on **August 10, 2010** in beautiful Carlsbad, CA. The Member Meeting is an excellent opportunity to meet other growers and shippers in California and to learn about what is happening within the industry. It is also an opportunity to become proactive in making positive changes to help California floral businesses.*

The more members that attend, the stronger the meeting will be! Remember, your "membership makes a difference!"

Look for more information coming soon!