

Chapter 32: The Salon Business

GOING INTO BUSINESS FOR YOURSELF

Booth Rental

(Illegal in
Pennsylvania)

Renting a booth or a
station in a salon

PROS: good if you are
70% booked all the
time with a strong
client base

CONS: you are
responsible for
supplies, booking
system, service
menu, inventory,
advertising,
continuing ed, no
teamwork

OPENING YOUR OWN SALON

Create a vision and mission statement: a long-term picture of what the business is to become and what it will look like when it gets there

Goals: a set of benchmarks that, once achieved, help you realize your vision and mission

Create a business timeline: What will your areas of concern be in the first year? Years two through five? Six through ten? Eleven through twenty? Beyond twenty?

Determine business feasibility: deciding whether or not it is practical for you to start your own business

Choose a business name: the name you choose sets you apart from competitors in the marketplace; be sure it represents the image you want to convey

Choose a location: base your business location on your clientele and their needs; you'll want good visibility, high traffic, easy access, sufficient parking, and handicap access

Written agreements- Documents governing the opening of a salon (includes leases, vendor contracts, and employee contracts)

Business plan: a written description of your business as you see it today and in the next five years (detailed by year)-an agreement with yourself, not a legally binding document; it includes:

- General description of business/services
- Demographics- info about specific population (race, age, education, income, educational attainment)
- Expected salaries and benefits
- Operation plan (equipment, supplies, repairs, advertising, taxes, insurance,

Business regulations and laws- local, state, and federal regulations and laws you must comply with when you decide to open your own salon

OSHA- requires you comply with safety guidelines including providing information about the ingredients in cosmetic preparations (the MSDS binder)

Insurance- protection from financial loss due to fire, theft, property liability, malpractice, and business interruption; you will also need disability policies

Salon operation- the ongoing, recurring processes or activities involved in the running of a business for the purpose of producing income

Record keeping- maintaining accurate and complete records of all financial activity

Salon policies- rules and regulations adopted by a salon to ensure that all clients and associates are being treated fairly and consistently

Types of Salon Ownership

Individual ownership- *sole proprietor*; one owner who is also the business manager

Partnership- two or more people share ownership (although not always equally)

[**Capital-** money needed to invest in a business]

Corporation- controlled by one or more stockholders

Franchise- an already successful firm partners with another firm; strict guidelines for operation (think McDonalds); protects your personal assets

Parts of a Business Plan

Executive summary- states your plan

Vision statement- long-term picture

Mission statement- state the market, kinds of services, quality of services

Organizational plan- describes who will run the business

Marketing plan- research for advertising

Financial documents- all financial statements

Supporting documents- owner's resume, financials, legal contracts and other agreements

Salon policies- guidelines for treating employees and clients

Business Operations

You must have an excellent business sense, aptitude, good judgement, diplomacy and a knowledge of sound business principles in order to operate a business.

You must also have: sufficient investment capital, efficient management, good business procedures, strong computer skills, cooperation between management and employees, trained and experienced salon personnel, excellent customer service delivery, and properly priced services

Record Keeping

Good operations require a simple and efficient record system

Keep good **inventory records** so you are not over- or under-supplied

Consumption supplies- items used every day

Retail supplies- those sold to clients

Service Records- keep accurate, complete service cards with name, address, phone number, date of service/purchase, amount charged, products used, and preferences

Planning the Salon's Layout

Your salon must be physically attractive, well-organized, run smoothly, and be sparkling clean.

Your layout must be designed for maximum efficiency based on the type of salon and your services.

Personnel

(your staff or employees)

When interviewing potential employees, consider the following:
level of skill, personal grooming, image as it relates to the salon, overall attitude, communication skills

PAYROLL AND EMPLOYEE BENEFITS

Make meeting payroll expenses your top priority. It may be your largest expense.

Offer as many benefits as possible to hardworking employees (either by paying for them yourself or offering them so employees can decide if they want to pay for them)

Provide employee evaluations

Create a tipping policy

Put your plan in writing

Create incentives where employees can earn more money, prizes, ...

Create salon policies and stick to them!

The Front Desk

The reception area needs to be attractive, appealing, and comfortable.

The receptionist should be friendly and efficient as she is the first person clients have contact with; she will answer the phone, inform stylists when clients arrive, recommend additional services, and book appointments (*the most important duty*); she may also perform other duties during slow times.

A receptionist must have unlimited patience, knowledge of services and products, and be able to convey your salon's image.

	<p style="text-align: center;"><u>Use of the Telephone</u></p> <p>Good planning: make calls during quiet times; have a pleasant voice; show interest and concern when talking with clients and suppliers; be polite, respectful, and tactful.</p> <p>Incoming calls: answer the phone according to salon policy; answer the phone promptly; if you do not have an answer, put the caller on hold or take a number and call them back.</p> <p>Do not talk to clients standing at the desk while you are on the phone; you will be doing them both a disservice.</p> <p>Booking: take down the client's first and last name, phone number, and service booked; reminder notifications are typical whether by phone or automated system</p> <p>Handling problems: if a client calls and is upset, be sympathetic and reassuring; respond with courtesy, tact, and self-control; try to resolve the situation quickly and effectively</p>

BUILDING YOUR BUSINESS

Advertising: activities that promote the salon
(newspapers, radio spots, charity events, fashion shows)

Satisfied clients: best kind of advertising; consider
developing a referral program that rewards clients for
bringing in new clients

Tools to attract new Customers: newspaper ads and
coupons; direct mailings; classified advertising;
newsletters; promotional giveaways; window displays;
tv/radio advertising

DO NOT BE AFRAID TO SELL!

Know your products and your clients.
Think about their needs. This will make
you more comfortable and successful !