

## **GROW BABY! GROW!**

Make no doubt about it; there is money to be made from running multiple salons. You just need to do it right.

How do I know?

I have helped to expand hundreds of salons around the globe. Through working at Nexus Revolution I have consulted to salon chains and launched buying groups. I have seen a \$20,000 fit out blow out to a \$100,000 fit out. I have sourced, scraped, sanded, stocked and systemized salon after salon; and I've seen every pitfall and trial you could imagine.

There are benefits to owning multiple salons or expanding salons as part of your plan.

- It allows a clear and exciting career possibility for your team. Expansion gives them the option to one day own a salon or gain a promotion within a growing company.
- Large salons or salon groups develop buying power with product suppliers and can start to establish brand dependence instead of stylist or therapist dependence.
- If run properly, the financial benefits of owning multiple salons can be great.

The most vital thing to do before expanding is to get the first salon right. If your current salon is in any way a burden, having two or three will only multiply your pain. Once you have the first salon right you can start to look at what expansion actually requires with regards to planning, roll out and establishment.

### **Is my salon ready for expansion?**

The following questionnaire will tell you in very basic terms whether you and your salon are ready for expansion to multiple sites. Take the quiz and add up your points to see which stage you are at in the expansion process. If you already a multiple site owner wanting to take your business to the next level you can still take the quiz, and use your flagship store as the example.

- 1. How many team members do you have in your salon?**
  - a. 2-4
  - b. 4-6
  - c. 6-12
  - d. 12+
  
- 2. What is the total number of hours you spend working on the floor in your business each week?**
  - a. 40 - 50+
  - b. 30 - 40
  - c. 20 - 30
  - d. 20 or less
  
- 3. What is the total number of hours you spend working on your business each week?**
  - a. 0-4
  - b. 4-8
  - c. 8-20
  - d. 20+
  
- 4. Is your business computerized?**
  - a. no
  - b. use accounting software for books and wages
  - c. have salon software system (such as Shortcuts)
  - d. have salon software system and accounting package (completely computerized.)

5. **What percentage of sales are you personally responsible for bringing into the business?**
- a. 70% -100%
  - b. 50% - 70%
  - c. 30% - 50%
  - d. 0% - 30%
6. **What is your favourite aspect of working in salons?**
- a. The interaction with the people
  - b. The creative aspects of the work
  - c. The management and leadership of your team
  - d. The marketing and business based aspects of the business
7. **In your opinion what makes a salon successful?**
- a. Good people
  - b. Good customer service
  - c. Good marketing
  - d. Good systems
8. **How often do you have team meetings?**
- a. Never
  - b. Rarely, once every few months
  - c. Occasionally, every month or so
  - d. Often, every week
9. **Do you have any written salon procedures?**
- a. None written down
  - b. Some basic documents such as emergency procedures and employment contracts
  - c. Good written systems, Team member handbooks, employment terms and customer service scripts
  - d. Full written policy and procedures manuals including position descriptions and daily operating procedures
10. **Do you set targets for the business or your team?**
- a. Not at all
  - b. Some team targets
  - c. Some business targets
  - d. Team and business targets
11. **What percentage of salon sales is your wages bill each week?**
- a. 65% - 80%
  - b. 45% - 65%
  - c. 35% - 45%
  - d. 20% - 35%
12. **What percentage growth has your business Total Sales had in the last quarter year?**
- a. Negative, I'm going backwards!
  - b. 0%
  - c. 0-15%
  - d. 15%+
13. **What percentage of your clients were new last quarter?**
- a. 5%+
  - b. 10%+
  - c. 15% +
  - d. 20%+

- 14. What percentage of your client's details (address phone numbers, full name) do you have?**
- 0-20%
  - 20-40%
  - 50-75%
  - 75-100%
- 15. What percentage of your clients are returning clients?**
- 30-50%
  - 50-60%
  - 60-80%
  - 80% +
- 16. What percentage of your total sales does retail sales account for?**
- 0-10%
  - 10-5%
  - 15-25%
  - 25% +
- 17. How would you rate your branding of your salon i.e. logo, printed material and use of these in marketing?**
- Inconsistent, I have a few logos, printed material is poor or basic sheets done by myself
  - Consistent, we have a logo and colour themes that are generally used in our marketing
  - Strong, we have a good logo, professionally printed promotional material and strong colour themes
  - Excellent, we have a well targeted logo, professional promotional material, branded shop and team appearance and strong brand presence in the local community.
- 18. How much do you have to invest in the initial expansion including wage buffers and launch expenses?**
- 20-30,000
  - 30-50,000
  - 50-100,000
  - 100,000 +

Now total your scores up using the figures below and read the paragraphs relating to your score.

**a = 1   b = 2   c = 3   d = 4**

**18 – 36**

**Don't do it....**

You are working too hard to be thinking of expanding at this stage. You need to get the salon you have sorted, running smoothly with a loyal, reliable team before you even think about expanding. Your current salon needs to be generating positive cash flow and improving steadily. You need to be spending no more than 20% of your time on the floor. Once that is happening, take this questionnaire again and see how you go!

**37 – 54**

**On your way....**

You are starting to work on the business in your spare time, but are still living on the edge because of the amount of hours you spend at work. You have put systems in place but they fall down occasionally causing problems with consistency. You need to spend time on being strict with systems and monitoring the growth of your salon through reports and benchmarking. Maybe take a few seminars on the topics of marketing and systems to help you get over these few final hurdles.

**55 – 65**

**You're getting close....**

The systems are in, the team is excited about the direction the salon is going. You have the consistency of the systems in check and have been even able to go on holidays without the salon falling apart while you were gone. Your client retention and rebooking are steadily improving. You can now move onto getting those stock systems sorted and profitable, up your team training and start looking for potential team members you can promote to groom for your future plans...you will need to have a team of people you trust.

**66 +**

### **What are you waiting for....**

Your salon is rocking, you drop in once a week, work on only the most VIP of clients (no more than 5-10 a week) and you're turning clients away because your stations are full all of the time. Your time is spent working **on** the business not **in** it and you enjoy the management and monitoring of the salons/spas figures and reports. Your team is a well oiled machine, regularly trained and constantly striving to improve. Your stock systems are water tight, you haven't had any theft or wastage for 6 months and your retail merchandising is second to none. All aspects of your business are steadily growing and to continue growth you need to either expand your number of rooms or stations or open another site. Your time has come!

Growing your business can be very rewarding if you prepare properly and do thorough research. There are many ways to grow, including using existing franchise models, growing a group of salons, or expanding a current site. All the information you need to expand safely and efficiently is out there, you just need to know where to look.

This survey is from the *SALON EXPANSION TOOLBOX* by *NEXUS REVOLUTION*, a guide to all the tools, pitfall warnings and all the supportive stroking you need to accomplish the slightly daunting task of expanding on your own. The toolbox will help you think about exactly what kind of expansion you want to undertake. It includes tools for achieving expansion in an organized fashion. It even comes with a full template of a salon business plan to help you take things to the next level.

*NEXUS REVOLUTION* is the leader in salon business operating formats. We offer over 100 business improvement services for salons and spas to help enhance the lifestyles of the owners and their teams and to increase profitability. For more information and to order your copy see our website under Business Tools.

Written By Iain Horne