

CHAPTER

22

The Skin Care Business

Chapter Outline

- Why Study The Skin Care Business?
- Going into Business for Yourself
- The Importance of Keeping Good Records
- Operating a Successful Skin Care Business
- Public Relations

Learning Objectives

After completing this chapter you will be able to:

LO11 Describe the distinctive necessity of being successful in a service business

LO12 Name and describe the bases of ownership under which a skin care business

or spa may operate.

LO13 Evolve options for going into business for yourself

LO14 Develop the most important factors of concern when opening a spa

LO15 Explain why it is important to keep good records

LO16 Discuss the importance of being organized

LO17 Describe the best practices for telephone use

LO18 Describe methods for handling emergencies

LO19 Explain why it is important to keep good records

LO20 Develop the most important factors of concern when opening a spa

LO21 Explain why it is important to keep good records

LO22 Describe the best practices for telephone use

LO23 Explain why it is important to keep good records

LO24 Develop the most important factors of concern when opening a spa

LO25 Explain why it is important to keep good records

LO26 Develop the most important factors of concern when opening a spa

LO27 Explain why it is important to keep good records

LO28 Develop the most important factors of concern when opening a spa

LO29 Explain why it is important to keep good records

LO30 Develop the most important factors of concern when opening a spa

LO31 Explain why it is important to keep good records

LO32 Develop the most important factors of concern when opening a spa

LO33 Explain why it is important to keep good records

LO34 Develop the most important factors of concern when opening a spa

LO35 Explain why it is important to keep good records

LO36 Develop the most important factors of concern when opening a spa

LO37 Explain why it is important to keep good records

LO38 Develop the most important factors of concern when opening a spa

LO39 Explain why it is important to keep good records

LO40 Develop the most important factors of concern when opening a spa

LO41 Explain why it is important to keep good records

LO42 Develop the most important factors of concern when opening a spa

LO43 Explain why it is important to keep good records

LO44 Develop the most important factors of concern when opening a spa

LO45 Explain why it is important to keep good records

LO46 Develop the most important factors of concern when opening a spa

LO47 Explain why it is important to keep good records

LO48 Develop the most important factors of concern when opening a spa

LO49 Explain why it is important to keep good records

LO50 Develop the most important factors of concern when opening a spa

LO51 Explain why it is important to keep good records

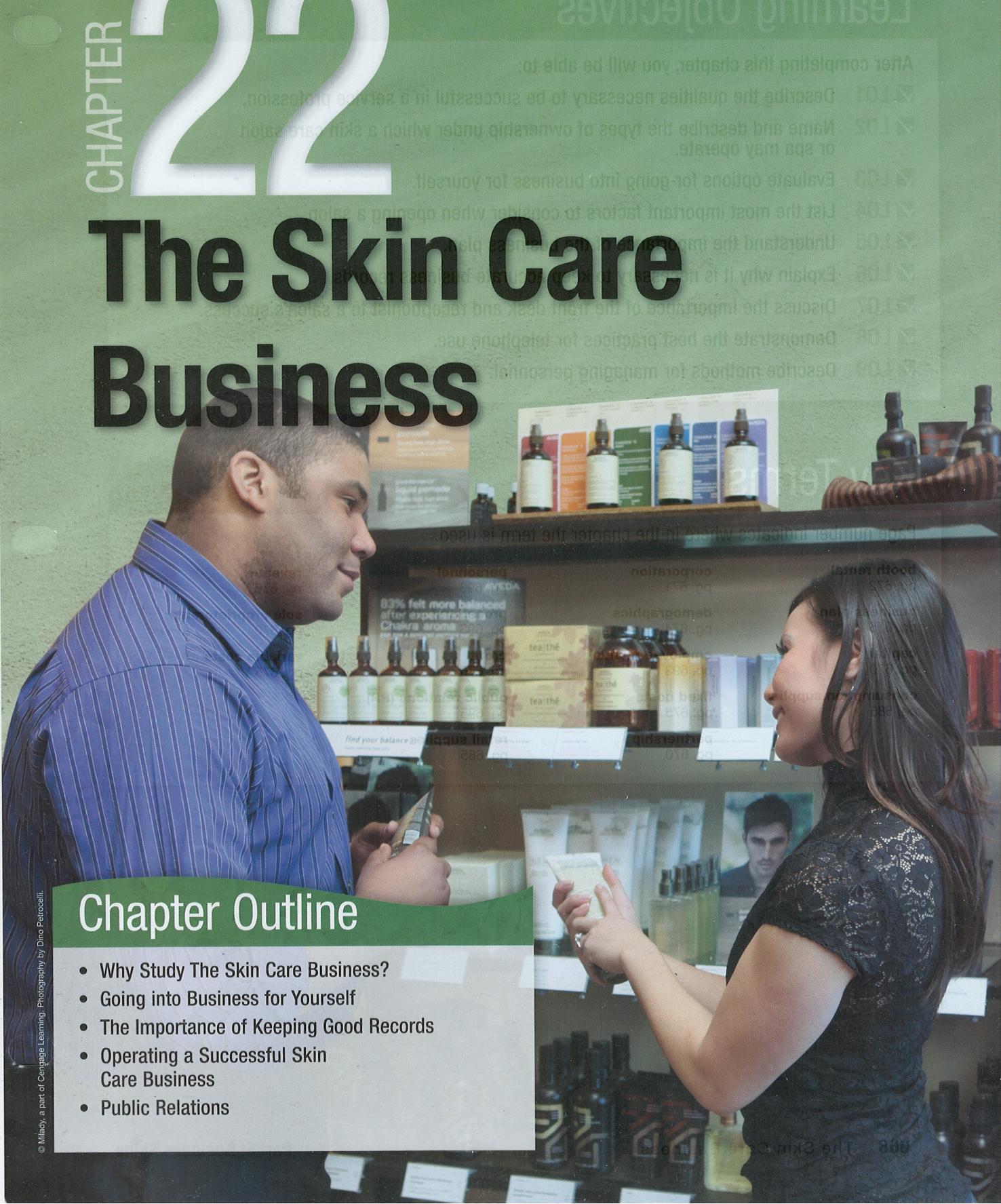
LO52 Develop the most important factors of concern when opening a spa

LO53 Explain why it is important to keep good records

LO54 Develop the most important factors of concern when opening a spa

LO55 Explain why it is important to keep good records

LO56 Develop the most important factors of concern when opening a spa



Learning Objectives

After completing this chapter, you will be able to:

- L01** Describe the qualities necessary to be successful in a service profession.
- L02** Name and describe the types of ownership under which a skin care salon or spa may operate.
- L03** Evaluate options for going into business for yourself.
- L04** List the most important factors to consider when opening a salon.
- L05** Understand the importance of the business plan.
- L06** Explain why it is necessary to keep accurate business records.
- L07** Discuss the importance of the front desk and receptionist to a salon's success.
- L08** Demonstrate the best practices for telephone use.
- L09** Describe methods for managing personnel.

Key Terms

Page number indicates where in the chapter the term is used.

booth rental pg. 672	corporation pg. 671	personnel pg. 693	revenue pg. 676
business plan pg. 675	demographics pg. 674	procedural guide pg. 693	sole proprietorship pg. 670
capital pg. 670	employee manual pg. 693	profit pg. 676	variable costs pg. 675
consumption supplies pg. 685	fixed costs pg. 675	public relations (PR) pg. 695	
	partnership pg. 670	retail supplies pg. 685	

Over the past several decades, the beauty business has grown tremendously, becoming a multibillion-dollar industry that has moved beyond traditional hair and nail care to include total body services. This more holistic approach to beauty has given birth to a new era that has broadened treatment options and created a much stronger connection between beauty, health, and wellness, expanding the role of the salon and spa. From this new perspective, professional skin care has emerged from what traditionally has been a minor role in the U.S. beauty market to become the focus of many new business opportunities (Figure 22–1).

Why Study The Skin Care Business?

Skin care is an ever-evolving industry with new and more sophisticated products and procedures continually entering the market.

To be competitive you must have knowledge of all facets of operations and business management.

- Starting your own skin care business has its risks and rewards. The successful entrepreneur weighs both carefully *before* going into business on their own.
- Planning is critical to establishing and growing your business. When you begin with a detailed business plan, you have a better chance of staying on track and reaching your goals.
- Deciding which type of business ownership you will use to operate your business is an important consideration that affects liability, finances, and taxes.
- The front desk is the center of business operations. What happens here will impact two of the most important factors in establishing a profitable salon or spa: customer satisfaction and retail sales.
- Skilled workers are an invaluable asset to the profitability of any skin care business. When you provide employees with clear expectations your chances of developing long and fruitful relationships increase.

Going into Business for Yourself

Perhaps you are thinking about starting your own business. Many service providers enter the field of skin care with the thought of owning their own salon or spa one day. If you are focused, disciplined, and driven to achieve your goals this may be a viable option for you. You need to keep in mind that motivation and commitment are only the beginning. To be successful, you will need to have lots of energy, a clear vision of what you would like to accomplish, and solid business skills. Education is critical



© Milady, a part of Cengage Learning. Photography by Rob Werfel.

▲ Figure 22–1
Professional skin care has become a significant part of the health, beauty, and wellness movement.



to gaining the knowledge you will need to operate a profitable business. You should also have some real, practical experience in the business before taking the leap to spa or salon ownership. Hands-on familiarity with daily operations is a valuable lesson for anyone starting out in the industry, especially those with little or no business management experience.

Operating your own business is a big responsibility, and it will involve many hours of careful planning and preparation. You will need to become familiar with several basic business principles such as accounting, finance, business and tax laws, insurance, human resource management, sales, and marketing. Managing day-to-day operations will also require the ability to solve employee, customer, and business management problems on a regular basis. Even if you have experience in the business world, there is always a learning curve. Be prepared to address any number of issues such as scheduling employees, booking appointments, managing dissatisfied clients, tracking inventory, and ordering supplies. Those who take the time to study the industry, focus their intentions, and develop critical thinking skills are generally in a better position to achieve success. LO1

Ownership Options

There are various options available to those interested in becoming a salon owner. To choose the one that is right for you, it is important to understand the specific parameters associated with each. An attorney who specializes in such matters can be an invaluable resource in helping you reach a decision. Before you seek legal advice, it is a good idea to conduct your own research. This will help you formulate the right questions, thus saving time and money. A salon can be owned and operated by an individual, a partnership, or a corporation. The following are brief descriptions of each type of ownership.

Sole Proprietorship

Under individual ownership, or **sole proprietorship**, the proprietor acts as sole owner and manager. A *sole proprietor* is responsible for determining all policies and making all of the necessary decisions associated with running a business. In turn, a sole proprietor is also accountable for all expenses,

receives all profits, and bears all losses. If you are an independent, self-motivated individual who likes to be in charge and does not mind assuming all of the duties and obligations associated with operating a business, this may be the best arrangement for you.

Partnership

In a **partnership** two or more people share ownership, although this does not necessarily mean an equal arrangement (Figure 22–2). There are several benefits to a partnership, including increased **capital** (money) for investment in the business, a greater pool of skills and talent to draw from, and the added advantage

▼ Figure 22–2
A partnership can be a mutually satisfying experience.



© Alamy, a part of Cengage Learning. Photography by Paul Castle, Castle Photography.

of shared responsibilities and decision making. It is important to remember that when it comes to sharing, partners also divide and share profits. In a partnership, each partner also assumes the other's unlimited liability for debt.

If you like the security of working jointly with others and you are willing to assume the risk of liability, a partnership may be ideal for you. A partnership can be a mutually satisfying experience for the right partners. It can also be a lesson in frustration if you find yourself affiliated with the wrong partner. To avoid any long-term repercussions seek qualified legal counsel. Also, before entering any binding agreement, learn as much as possible about your prospective partner's ethics and philosophies.

Corporation

Incorporating is one of the best ways that a business owner can protect his or her assets. Most people choose to incorporate for solely this reason, but this form of ownership has other advantages. For example, the corporate business structure saves you money in taxes, provides greater business flexibility, and makes raising capital easier. It also limits your personal financial liability if your business accrues unmanageable financial debts or otherwise runs into financial trouble.

A **corporation** raises capital by issuing stock certificates or shares.

Stockholders (people or companies that purchase shares) have an ownership interest in the company. The more stock they own, the larger their interest becomes. You can be the sole stockholder (or shareholder) or have many stockholders. In a corporation, income tax is limited to the salary that you draw, not the real profits of the business; however, a stockholder in a corporation is required to pay unemployment insurance, whereas a sole proprietor or partner is not.

Corporations are managed by a board of directors who determine policies and make decisions according to the corporation's charter and bylaws. Corporate formalities such as director or stockholder meetings are required to maintain a corporate status. The corporation also costs more to set up and run than a sole proprietorship or partnership does. For example, there are the initial information fees, filing fees, and annual state fees; however, many people believe the advantages of incorporating outweigh any necessary legal and accounting obligations. Should you decide that a corporation is right for you, many resources—including computer software—are available to guide you through the process of incorporating. Additionally, you will require the services of a competent lawyer and tax accountant to be sure your business complies with more complex state rules and regulations. Nevertheless, corporations can offer excellent benefits and opportunities, particularly for businesses with a larger number of employees.

Other corporate models and business entities, such as the S corporation and the limited liability company (LLC), may be better suited to your needs. A competent business attorney familiar with the laws in your state is the best resource for answering more specific questions about these models. **✓ L02**





▲ Figure 22–3

There are many factors to consider when opening your own salon.

Booth Rentals

For many, renting a booth or space within an established salon is a good way to gain the experience of operating a business on a much smaller scale. Booth rentals, as they are commonly called, have become popular in various settings including beauty salons, skin care clinics, and day spas. They offer the practitioner an opportunity to be his or her own boss within a certain set of parameters. In **booth rental**, the esthetician is required to pay the owner a set rental fee, along with payment of utilities as agreed upon, to operate in a specific space within the owner's establishment. The renter is responsible for conducting all necessary business functions, such as managing her own clientele, supplies, and records. With that being stated, keep in mind that renting space does not necessarily mean that you have complete control over your situation.

Before you agree to a booth-rental arrangement, take time to investigate the many legal and business aspects of conducting business as a booth renter. The first thing you will want to determine is whether it is lawful to operate as a booth renter in your state. Some states require a separate license for booth rentals. Other states may not recognize this business structure at all. So it is important to check with all of the state regulating agencies that apply, including your esthetic licensing board, before adopting this model. Note that some state boards require an apprenticeship before an esthetician can be self-employed. Renting a space from a qualified practitioner may or may not meet the criteria, so be sure to learn whether your current esthetician license is sufficient to operate on your own. Other state business and licensing requirements for operating a separate business may also apply to you. It is also imperative that you have a complete understanding of Internal Revenue Service (IRS) laws governing this form of business ownership. Remember that as a booth renter you are responsible for paying all taxes associated with being self-employed, including higher Social Security taxes which are double that of an employee (Figure 22–3).

Once you are clear about the legalities, weigh the pros and cons of this business structure carefully. There are several advantages to booth rentals. For example, booth rentals offer the individual practitioner an opportunity to establish his or her own business with minimal investment, generally require lower maintenance fees, and give the practitioner the flexibility of creating his or her own schedule. In some situations, the booth renter may be allowed to engage in joint advertising efforts, sharing costs at a lower rate. Additionally, there may be an opportunity to access clients from the owner's existing clientele. These benefits can be appealing, but it is wise to learn as much as you can about the business and owner before signing any contracts. Take a close look at the owner's track record. How many years has the establishment been in business? What is its turnover rate for booth renters and/or employees? Do you agree with the accepted practices of the salon owner? Sharing similar philosophies goes a long way in resolving any problems that may arise.

There are other practical matters to consider. For some, the idea of keeping records for legal and tax purposes can be a challenge. Being the sole person responsible for all day-to-day operations such as scheduling appointments, managing clients, purchasing products, and maintaining inventory is a huge undertaking when there is no partner or team to support you. If you do not enjoy working alone, this arrangement may not suit you. Keep in mind that you will be required to retain separate malpractice and health insurance, and you will not have the luxury of additional benefits that are typically supplied by employers, such as paid vacation time and sick days. In addition, you may be limited to certain hours during which you can conduct business, and you will be responsible for marketing and developing your own clientele.

If, after exploring all angles, you decide this business model is right for you proceed cautiously, and be sure to obtain the appropriate legal advice before signing any documents or contracts. Carefully researching all matters before you act can help to avoid problems. **L03**

Developing a Plan of Action

Everyone has a different vision of the type of esthetics practice he or she would enjoy. For some, results are most important; for others, health and wellness are the top priority. Deciding which treatments you would like to offer will help you determine the type of facility, products, and equipment that will be most effective in accomplishing your goals.

Once you are clear about your overall concept, you will be ready to develop a strategic business plan. Many factors go into operating a successful business and are far beyond the scope of this chapter. It is a good idea to read and research your ideas extensively before making any final decisions. A review of the following basics will help you to get started.

Location

"Location, location, location!" How often have you heard that phrase? While no one location can guarantee success, deciding where to conduct business is an important consideration that requires careful deliberation. The right location for your business model can significantly affect your success.

Two of the most important factors in determining a location are *visibility* and *accessibility*. Ideally, a good location is easy to get to and highly visible. Most people are juggling busy schedules and being close to other thriving businesses, such as supermarkets, restaurants, department stores, or specialty shops, offers clients the added convenience of "one-stop" shopping that is so crucial. High-traffic areas offer access to a larger number of potential clients. More remote locations generally require a good deal of advertising to attract business, and this can be costly for the new small business owner. Before deciding on a location it is wise to conduct a complete marketing and demographic analysis, or feasibility study. This should include a thorough examination of the finances needed to develop a profitable business in the desired area (Figure 22-4).

REGULATORY AGENCY ALERT

Some state boards require a special license for booth rentals. Before entering a booth-rental arrangement, always check with local and state board officials to determine rules and regulations as they apply to your individual situation.



© Mingle, a part of Cengage Learning. Photography by Paul Castle, Castle Photography.

▲ Figure 22-4

Visibility and accessibility are two of the most important factors to consider when searching for a business location.

Here's a Tip

A building that is highly visible is not necessarily easy to access. Be sure the facility you are renting has a convenient way to enter and leave during the salon's regular business hours. Learning that the building's main entry opens after or closes before your salon's doors may make it difficult for you to conduct business and can require extra security measures. Snow removal and sidewalk maintenance are other important safety considerations, especially for those with mobility issues. Be sure to consider these factors when negotiating the terms of a lease.

Parking Facilities

A critical element in attracting business is parking. Frequently, clients may be pleased with your services but become frustrated over the inability to find convenient or affordable parking. Particularly in these uncertain times, safety and convenience are important marketing features. As spa and salon hours become increasingly flexible, it is only natural for clients to want to feel safe walking in an area, especially at night or in bad weather. Well-lit, ample, and affordable parking is a good way to alleviate these concerns.

Target Market

In searching for various places to open your salon or spa, it is important to keep your target market in mind. If you want to attract a high-end clientele, explore high-income areas. If you are interested in attracting a variety of clients with moderate incomes, search for a high-volume area that is conveniently located and offers easy access to public transportation. While many people starting small businesses like the convenience of being close to home, understand that you may have to travel a bit to reach the market your spa or salon hopes to attract.

Demographics

How do you know if an area meets the criteria of your target market? One of the best ways to find out is to study the demographics. The term **demographics** (DEM-uh-GRAF-iks) refers to particular identifying characteristics of an area or population, such as the specific size, age, sex, or ethnicity of its residents; average income; and buying habits. This important information is available from various sources including town census bureaus, the government, local chamber of commerce and real estate agents, and special marketing agencies. Information may be obtained in a variety of formats including electronic media such as CD-ROM or print publications that distribute "cluster snapshots" or demographic synopses.

From a more subjective perspective, you can also gain valuable information by speaking with other business owners in the area or by attending local meetings and events. Learning more about who lives in a particular area, what they like to do, how they spend their money, and what they value, need, or want will help you to decide if the type of salon or spa you would like to open is a good fit.

Competition

The skin care and spa industry has grown tremendously in recent years, creating a far more competitive marketplace than the one existing even a decade ago. While it is important to investigate the services being offered at other salons in your area, do not let your findings intimidate you. The mainstay of business in the United States is competition, and in many cases it has played a positive and motivating role in driving successful businesses.

© Valia Vitaly 2011; used under license from Shutterstock.com.



Nevertheless, it is usually in your best interest to look for an area that has a limited number of salons or spas. It is also wise to develop a unique menu of services that will attract your specific target market. There is always room for a different approach that does not directly compete with those of existing businesses. In fact, similar businesses often exist side by side quite successfully simply because they are targeting different markets.

Before you open a salon, it still makes good sense to conduct a thorough investigation of what others are offering and the prices they are charging. You may also want to visit several reputable and established salons that are close to your general vicinity. It never hurts to find out what other successful businesses are doing right. As you conduct your research, keep a journal of those practices that make a positive impression. Then create a list of ways you might improve upon those ideas. **L04**

The Business Plan: Costs, Revenue, and Profits

How will you get to your destination if you do not know where you are going? The **business plan** is a basic business tool that provides a strategy for understanding key elements in developing business. It is a written description of your business as you see it today, and as you foresee it in the next five years (detailed by year). It serves as a sort of map or blueprint to help guide you in making informed decisions and should include several important categories: an executive summary, a marketing plan, a strategic design and development plan, an operations plan, and a financial plan.

There are many variations of the business plan. Each will differ in style. Any plan you develop should include a general description of your business; the legal structure you will use to operate your business; the products and services you will provide; how you will market those products and services; a detailed explanation of how you will finance your operation; the accounting methods and technology you will use to control finances; and a discussion of the business administration policies and procedures you will use to manage two of the most important aspects of business operations: clients and employees.

Financial management is the cornerstone of a successful business plan. Be prepared to identify all costs related to operations, including a price structure for products and services, employee salaries, the cost of any additional benefits, and other ordinary expenses such as the cost of equipment, supplies, rent, utilities, insurance, taxes, and marketing and advertising.

Learning to think in terms of *costs, revenues, and profits* can help you gain a more global perspective of business functions as you develop your plan. Expenses related to operating your salon can be broken down into fixed and variable costs. **Fixed costs** are operating costs that are constant, for example, rent and loan payments. **Variable costs** are expenses that can fluctuate, such as utilities, supplies, and advertising. To a certain extent,

Here's a Tip

If your experience is limited there are many resources available, including computer software, that provide several methods for developing a business plan. Alternatively, hiring a professional consultant might ultimately be the most cost-effective way to approach this task. If you are unsure about how to locate a professional in this area, consider asking other small business owners for referrals or call the professional organizations to which you belong. Your local chamber of commerce or small business association is usually a good place to start.

The Small Business Administration (SBA) is another independent federal agency set up to help small businesses succeed. In addition to information on financial management and business planning, the SBA provides links to training programs and other resources such as the Service Core of Retired Executives (SCORE). More information on the SBA and its resources can be accessed at www.sba.gov.

you will have some control over variable costs. **Revenue** is the income generated from selling services and products; that is, money coming in. **Profit** is the amount of money available after all expenses are subtracted from all revenues.

As you become familiar with the specific costs related to running your business and the number of services or products you must sell to meet costs and earn a profit, you will be able to forecast, or make projections, about your business. Of course, to make viable projections, you will need to consider many variables on a weekly, monthly, or yearly basis. The smart businessperson also factors in changing circumstances such as economic trends and down periods. An in-depth analysis of the actual business you do over a certain time period versus forecasting will give you a more accurate idea of your situation and also help you make good business decisions (Table 22–1). L05

▼ Table 22–1
An Income Statement.

AN INCOME STATEMENT				
	1ST QTR	2ND QTR	3RD QTR	4TH QTR
Net Sales or Revenues:				
Less the Cost of Goods Sold				
Gross Profit:				
Operating Expenses:				
Salaries, Wages, & Commissions				
Operating Supplies				
Repairs & Maintenance				
Laundry				
Advertising & Promotion				
Loan Interest				
Rent				
Utilities				
Telephone				
Insurance				
Payroll Taxes				
Benefit Costs				
Administrative Costs				
Legal Fees				
Licenses				
Training & Development				
Depreciation				
Total Operating Expenses:				
Profit [or Loss] before Taxes:				
Taxes:				
Net Profit [or Loss] after Taxes:				

Planning the Physical Layout

Creating an efficient and user-friendly workspace requires careful planning. To obtain the best results, you will need to work closely with other experts such as architects, contractors, electricians, plumbers, and product and equipment vendors. You will also need to establish a positive working relationship with local planning board officials and state licensing agents. This can be an exciting time. With so many critical decisions to be made, it can also be a stressful time when you must think quickly and act decisively.

Your business plan will serve as a useful tool throughout the planning process. You will want to have this plan readily available and refer to it often during the various stages of construction. It will help you to stay on task and within budget as you make all the necessary decisions and purchases associated with operating your salon on a day-to-day basis.

Before construction begins, think carefully about the primary services you will offer as well as the ambiance you would like to create. Follow up by carefully researching all of the equipment that is needed to provide your services. Certain apparatus and design features may require special handling or modifications. You will want to be aware of any hidden costs, such as special power sources, that will be needed to operate mechanical or technological devices. Naturally, the safety and comfort of both clients and practitioners should always be a top priority as you make these important decisions (Figure 22–5). A review of the information on ergonomics and treatment room setup in Chapter 3, Your Professional Image and Chapter 14, The Treatment Room, will be helpful here.

As you plan your spa or salon (Figures 22–6 and 22–7 on page 678), the following checklist may be helpful.

- Does the layout provide maximum efficiency and a safe environment for practitioners and clients?
- Does the style of the salon evoke a professional ambiance that instills client confidence?
- Is the color scheme inviting to a broad spectrum of clients (men and women, older and younger clients)?
- Are amenities such as refreshments, music, and reading materials conducive to a friendly, relaxed, and professional ambiance?
- Does the reception area give clients a warm and welcoming first impression?
- Do services flow easily from the reception area to each treatment room?

Did You Know?

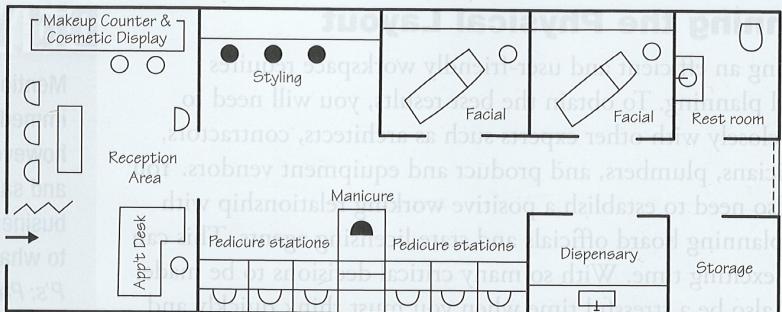
Mention the word *marketing* and most people immediately think about sales or advertising; however, marketing is more than advertising and sales promotions. It is a complex business strategy that is planned according to what are commonly referred to as the *Four P's: Product, Price, Promotion, and Place* or the marketing mix.

In skin care the word *Product* refers to your complete business concept. *Price* is the monetary value assigned to the goods and services you sell. *Promotion* refers to all of the communication methods you use to persuade customers to purchase your products and services. *Place* is the distribution channel or method for delivering your goods and services to clients. These factors are outlined in greater depth in the chapter on Marketing in the *Milady Standard Esthetics: Advanced* text, where you will also find a detailed explanation of the various promotional strategies used in marketing. We'll talk more about several of these in the next chapter.

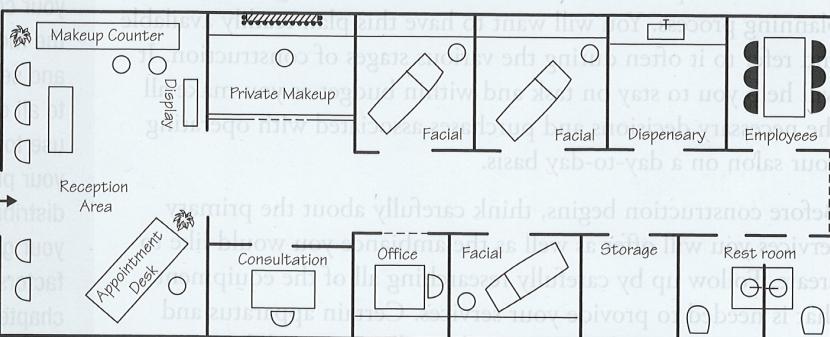
What is important for anyone interested in owning and operating their own skin care salon or spa to remember is marketing drives business. Failure to set aside appropriate funding for this critical business strategy often means the difference between success and failure.



▲ Figure 22–5
The safety and comfort of both clients and practitioners should be a primary concern when planning the treatment room.



▲ Figure 22–6
Layout for a full-service salon.



▲ Figure 22–7
Layout for a facial and makeup salon.

ACTIVITY

Create a physical plan for your own salon, designating the equipment that you will need to conduct facial and body services. Then estimate the cost of equipment. Be sure to include the cost of any special design or construction considerations.

- Is aisle space adequate for safety and efficiency?
- Is there enough space to allow for each piece of equipment that will be used in the treatment room?
- Have you chosen furniture, equipment, and fixtures on the basis of cost, durability, safety, utility, and appearance?
- Have you purchased the appropriate warranties or insurance necessary to protect your initial investments?
- Does your dispensary supply adequate storage space and ease of mobility?
- Are plumbing, lighting, and utilities adequate for the services that you intend to provide?
- Do air conditioning and heating systems supply adequate ventilation and comfort?
- Are restrooms clean and easily accessible?

Regulations, Business Laws, and Insurance

Understanding the law is critical to operating a successful business. Before opening the doors to your salon, be sure you are in compliance with all local, state, and federal regulations. You should be aware that laws vary from state to state. It is your responsibility to check into the

specific laws that govern business owners in the state you are working in, particularly as they apply to your licensing or ability to establish your own business. In some states there are levels of licensure that may require a practitioner to work under another experienced and licensed professional for a certain period of time before being allowed to operate independently.

After confirming your ability to own and operate a salon, you must contact local authorities to investigate other necessary business licenses and regulations. Ordinarily, local officials supervise building renovations and business codes. You should seek information regarding sales tax, licenses, and employee compensation laws from state administration. The federal government oversees laws regarding Social Security, unemployment compensation or insurance, cosmetics, and luxury taxes. Although some people may be annoyed by the idea of complying with so many rules and regulations, keep in mind that regulations and laws exist to protect the consumer and enforce fair and reasonable standards for best business practices. Prospective business owners should also be aware that failure to comply with state and federal regulations and tax obligations can result in serious legal consequences. If you do not understand your obligations as a business owner, seek the advice of a qualified business attorney and certified public accountant (CPA).

Insurance is another primary concern for business owners. You will need it to guard your business against such unforeseen events as malpractice, liability, disability, fire, burglary, theft, and business interruption. Before purchasing insurance, it is always best to seek professional advice to determine the right amount and type of coverage for your particular business needs. It is also a good idea to contact the department of insurance in your state to learn more about laws regulating insurance. You will need to comply with certain insurance obligations that are required by law, such as workers' compensation.

Although insurance may give the business owner some peace of mind, it should not be considered protection against inappropriate conduct. If you decide to become a business owner, it will be your job to ensure that everyone in your salon practices within the boundaries of their license. Always review the limitations of your insurance policy carefully, and take time to establish appropriate guidelines for your employees.

Salon owners must also be aware of state and federal guidelines for regulating sanitation and occupational safety. The Occupational Safety and Health Administration (OSHA) is a government agency responsible for overseeing safety in the workplace. Those working in the skin care industry should be familiar with OSHA guidelines, particularly as they apply to the correct procedure for handling bloodborne materials, instruments, and equipment. For more information on this topic or other issues more specific to skin care, visit one of OSHA's numerous Web sites on the Internet or contact the Department of Public Health in your state.



As a small business owner you will be responsible for the payment of several business taxes. Your tax obligations will vary depending on the legal structure of your business and should be reviewed with a qualified business attorney and/or certified public accountant when setting up your practice.

Every small business should have a complete overview of the various tax obligations associated with business ownership. The Internal Revenue Service (IRS), a bureau of the U.S. Department of Treasury, publishes a complete guide to taxes for this purpose: "Publication 334, Tax Guide for Small Business." This publication is free and can be accessed on-line at www.irs.gov. A more complete summary of business taxes is covered in the chapter on financial business skills in *Milady Standard Esthetics: Advanced text*.



▲ Figure 22–8
It is best to seek the appropriate legal advice when making important business decisions.

Purchasing an Established Salon

Buying an existing salon or spa is often advantageous. For example, you will have the opportunity to begin working right away and will not have to worry about buying furnishings or fixtures. Before you buy, however, thoroughly investigate what you are buying. Most buyers are concerned about the initial return on their investment and the possibility of increasing future sales. Many become disappointed when an existing clientele fails to frequent the salon under new ownership or when equipment does not operate as expected. This does not mean that buying an established business is out of the question. You should simply understand that some risk is involved and take preventive measures wherever possible. For example, you may be able to obtain an extended warranty for equipment that is several years old, or you could negotiate the owner's staying on for a certain time period to ease the transition. Another important consideration is finding out whether current employees will continue to work for you. If that is your desire, it is wise to develop a protocol that keeps staff informed during the process.

If you decide to purchase an established salon, always seek the professional advice of an accountant and business lawyer (**Figure 22–8**). You may also want to consider a broker who specializes in the transfer of business ownership. In general, any agreement to buy an established salon should include the following parts:

- A formal written and legal purchase and sale agreement that dictates the terms of your agreement, noting any specific arrangements in detail
- A complete and signed statement of inventory that includes all products, equipment, fixtures, furnishings, and so forth and indicates the value of each article
- Information that clearly establishes the owner's identity
- Free and unencumbered use of the salon's name and reputation for a defined period of time
- Complete disclosure of all information, records, and files regarding the salon's clientele, purchasing, and service habits
- A noncompete clause stating that the seller will not compete directly with the new owner, work in, or establish a new salon within a specified distance of the present salon location

Finally, whenever there is a transfer of a note, lease, mortgage, or bill of sale, the buyer should always conduct a thorough investigation to be sure there has not been any default in payments.

Leases

Owning your own business does not necessarily mean that you own the building where your salon or spa is located. Many businesses rent or lease space in buildings owned by others. When renting or leasing space, be prepared to negotiate the terms of your agreement with your landlord.

The final agreement should be clearly written and should specify who owns what and who is responsible for which repairs and expenses. If this is your first time renting commercial space, it may be helpful to seek guidance from a commercial real estate broker. It is also wise to have an attorney who specializes in real estate review the contract for you. Here are some points to consider as you negotiate your lease:

- Allow an exemption for fixtures or appliances that might be attached to the salon so that they can be removed without violating the lease
- Specify how any necessary renovations and repairs—such as painting, plumbing, fixtures, and electrical installation—will be handled, clearly stating who is responsible for what
- Include an option that allows you to assign the lease to another person; in this way, the obligations for the payment of rent are kept separate from the responsibilities of operating the business should you need to bring in another person or owner

Protecting Your Business Against Fire, Theft, and Lawsuits

Once your salon is up and running, you will want to do everything possible to protect it from any unfortunate mishaps or incidents. To avoid more costly dilemmas, consider taking the following precautions:

- Install adequate locks, a fire alarm, and a burglar alarm system. It can also be helpful to create a security checklist so that those responsible for closing or opening the salon are aware of all the necessary measures required to lock and secure the premises.
- Maintain adequate amounts of liability, fire, malpractice, and burglary insurance. Note the expiration dates of your policy and take special care not to allow a lapse in coverage during the course of business.
- Make certain that all personnel practice within the boundaries of their professional license, performing only those services they are properly trained for. Licensed professionals must never offer advice or make recommendations outside of their area of expertise. Never violate the medical practice laws of your state by attempting to diagnose, treat, or cure a disease or illness. Always refer clients to a physician for diagnosis and treatment.
- Ignorance of the law is no excuse for violating it. Make sure you are familiar with and adhere to all laws governing the practice of esthetics in your state, including any sanitary codes that may apply in the city or state where you are operating. If you are an esthetician operating a full-service salon or spa that employs other licensed professionals, such as cosmetologists or massage therapists, be aware of all laws and any limitations pertaining to their supervision or practice. If you have any questions about a law or regulation, always check with the appropriate regulatory agency.

Did You Know?

In some states, estheticians must practice under another licensed professional for a certain period of time before being allowed to operate on their own.

REGULATORY AGENCY ALERT

Ignorance of the law is no excuse for violating it. Always check with your regulatory agency if you have any questions about a law or regulation.

- As an employer, it is your duty to keep accurate records of the number of people you employ as well as their salaries, length of employment, and Social Security numbers. You must also be aware of and comply with various state and federal regulations as required by law to monitor the welfare of workers.

Business Operations

To operate a successful salon, you will need a variety of business and management skills. Owning your own skin care business can be extremely demanding. There are employees to manage, customers to please, appointments to schedule, services to perform, and business issues to address. For many, the list of tasks can seem endless, leaving even the most motivated individual feeling overwhelmed occasionally. Be patient: it takes time, discipline, and focus to become a good business manager.

As you develop a clear understanding of your business objectives, you can begin to address more practical requirements. Start by making a list of all the functions necessary to operate your salon successfully. Follow this with a critical self-analysis. If you find yourself lacking in certain areas, decide how you will address these issues. The smart businessperson recognizes that she or he cannot be all things. Perhaps you will enroll in a course to learn more about a subject, or you might decide to outsource certain responsibilities. For example, you could hire an accountant to manage your bookkeeping or a marketing consultant to handle advertising and promotions.

To keep your business running smoothly, consider the following successful business strategies.

Manage Finances Well

Working from your business plan, carefully determine how much capital or money you will need to operate your salon for at least 2 years. Understanding the amount of money that will be required to meet your expenses before you open your salon will help you develop a strategic plan for financing your operation and managing your money. We discussed costs, revenues, and profits earlier. Tracking these on a regular basis is vital to an established business. A reliable accounting system will help you to access this information and plan the allocation of your funds to maintain good business practices.

Develop Solid Business Management Skills

When starting out, you often will need to know more than you do. Running a successful business will require you to make thoughtful decisions. This means carefully researching your options and/or consulting with other professionals who can give you the information or support you need. When in doubt, do not be afraid to ask for help. As you become more informed, you will be able to make better choices and develop an effective management program.

Create Pricing Based on Value

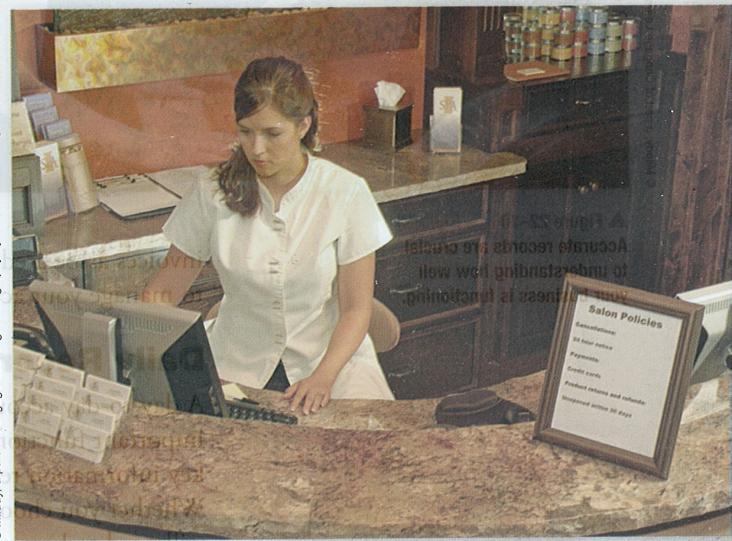
Before you can determine a price for goods and services, you need to understand their value. Proper pricing begins with exact knowledge of what it costs to provide each service and retail product. Keeping in mind the old adage “You get what you pay for,” set your prices according to the level and quality of the service or goods you are providing. In general, the type of salon and the clientele it serves determine the cost of goods and services. For example, you must understand what your clients need, want, and value as well as the price they are willing to pay for these products or services. It also makes good business sense to explore the competition, compare pricing, and regularly make appropriate adjustments to remain competitive.

Work Cooperatively with Employees

To stay in business and accomplish your goals, you must learn to work cooperatively with your staff. This requires effective management and communication skills. To develop harmonious working relationships, you must set clear boundaries and objectives, communicate respectfully, and resolve conflicts quickly and diplomatically. A good manager sets an appropriate example, includes staff in decision-making whenever possible, and encourages employees to achieve individual and salon goals that will keep clients coming back. To attract quality and experienced help, you must also be willing to offer competitive salaries and benefits, such as continuing education.

Develop Positive Customer Relations

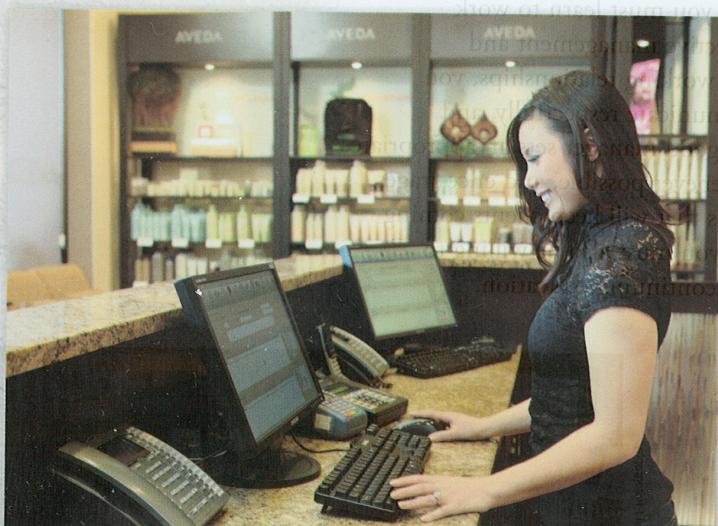
Working with people in a service-oriented business such as skin care requires a variety of interpersonal skills. Clients come to you for a professional service. They should expect to receive quality care in a confidential, respectful, and courteous manner. Good communication is essential to reassuring clients and building a reputation for exemplary business practices. The well-run salon offers clear, concise policies and makes them highly visible—for example, by displaying them in the reception area, posting them on their Web site, and stating them directly in their brochure or menu of services (**Figure 22–9**). Although misunderstandings and conflicts are still bound to occur, if handled well, they can be an opportunity for you to develop a reputation for tact and diplomacy. To ensure client satisfaction and a positive outcome, be prepared to address common problems such as cancellations, no-shows, late arrivals, and product returns before they happen. The communication guidelines outlined in Chapter 4, Communicating for Success, will help you to accomplish this goal. When you follow through with clear directives, training all members of your staff to treat each client with dignity and respect, you will be well on your way to developing positive customer relations.



▲ Figure 22–9
Salon policies should be displayed in a highly visible area.

The Importance of Keeping Good Records

Keeping track of daily, weekly, and monthly records pertaining to your business may seem like one of the more mundane tasks associated with owning your own salon. This information is invaluable to you in understanding how well your business is functioning. Accurate records will help you determine income, expenses, profits, and loss. This information is also useful in assessing the net worth of your business and in arranging financing. Maintaining proper business records is also necessary for meeting the requirements of local, state, and federal laws regarding taxes and employees.



▲ Figure 22–10
Accurate records are crucial to understanding how well your business is functioning.

Many useful computer programs can simplify the task of keeping good records (**Figure 22–10**); however, it is recommended that you hire a professional accountant and skilled bookkeeper to assist you. (A bookkeeper is someone who is trained in financial record-keeping and follows proper bookkeeping standards.) To ensure that information is accurately applied, it should always be recorded clearly, correctly, concisely, and completely. Income is generally recorded as receipts from sales and service. Expenses include but are not limited to rent, utilities, salaries, insurance, advertising, equipment, supplies, and repairs. Be sure to retain all receipts, cancelled checks, check stubs, and invoices associated with your income and expenses. You will need these to manage your accounts efficiently and correctly.

Daily Records

A day-to-day accounting allows the business owner to measure various important functions. Most importantly, accurate daily records supply key information regarding gross income and the cost of operations. Whether you choose a computerized program or manual method, you will need to keep track of all sales on a daily basis. A review of your daily sales slips and appointment book will allow you to determine the number of products and services sold at your salon each day and the amount of income generated from these products and services. You will also want to note expenses that have been paid out. These should be registered in the appropriate accounting system and checkbook. Do not forget to document any miscellaneous or cash expenses for tax reporting purposes. This information may be kept in a cash journal or petty cash notebook. Your accountant can instruct you on the best way to handle

daily slips and receipts. In general, cancelled checks, payroll, and monthly and yearly records are held for at least 7 years.

Weekly and Monthly Records

Certain financial records are easier to assess on a weekly or monthly basis. These reports may be used to compare the salon's performance to previous years, gauge promotional efforts, or check the demand for a service or product. Understanding the amount and types of services that are being performed in your salon can also serve as a check-and-balance system for utilizing products and staff more efficiently, controlling expenses, and eliminating waste.

Purchase and Inventory Control

Tracking inventory and supplies is an important part of conducting business. Inventory and purchase records will help you to prevent shortages, avoid overstocking, and alert you to any signs of pilfering. They are also important factors in measuring the net worth of your business at the end of the year.

Inventory can be broken down into two categories: consumption and retail supplies. **Consumption supplies** are items used to conduct business operations on a daily basis. Items available for sale to clients are referred to as **retail supplies**. Starting out you will need to base these purchases on projected sales revenue; however, it is important not to overstock items. Investing in products that might sit on your shelf for an extended period of time will tie up valuable dollars that could be better spent on other things. Accurate records can help you determine which items are used or sold most frequently. This information will help you to reorder supplies in a timely and cost-effective way (**Figure 22–11**).

Most business owners use a computerized system to track and control inventory. Be aware that you will need to conduct a physical count of all of the products on your retail and supply shelves as well. Monitoring the use of consumption products and supplies is an extremely important task that helps to control costs. All staff should be trained on the proper amount of product and supplies for each treatment and strict controls should be put in place to dispense product and supplies for day-to-day consumption. An analysis of service sales will help you to compare the amount of product being used to the number of services sold. This should correlate directly to the number of treatments being performed. Counting the items in every shipment and rotating newly purchased items when stocking your shelves is another important part of the process. If products expire before you can sell or use them, you have thrown valuable dollars right out the window.

▼ **Figure 22–11**
Tracking inventory and supplies helps owners prevent shortages and avoid overstocking.



Client Service Records

Maintaining accurate client records serves several business objectives, including customer service and performance analysis. Building relationships is an important factor in the service industry. To ensure client satisfaction, all service records should include key facts such as a client's name, the date and type of each treatment or product purchased, the amount charged, and the results obtained. It is also wise to note a client's particular preferences. In today's impersonal world, the simplest of details can significantly affect how the client perceives your efforts.

Client records are also instrumental in measuring the overall performance of a salon or individual practitioner. Analyzing sales and service can provide useful information for tracking customer trends and performing marketing tasks. Understanding what services and products clients need or want and when they are most likely to purchase them will ultimately increase sales and improve client satisfaction. **✓ L06**

Operating a Successful Skin Care Business

Ask anyone operating a successful business what the key to his or her success is, and he or she will probably mention several things: the quality of services and staff, an efficient and pleasant workspace, eagerness to learn more about new treatments and techniques, and consistent marketing efforts; that being stated, one thing all owners likely have in common is the willingness to work hard. Certainly an element of luck is involved, you might be thinking—and indeed, in some cases, luck may be a factor. We have all had someone tell us, "I was just in the right place at the right time." Given the possibility that fate plays a role, we must still consider that without a great deal of planning, dedication, and continued hard work most businesses would ultimately fail.

The Front Desk

We have already mentioned the importance of developing positive customer relations in the esthetics industry. Establishing a caring, nurturing, and trusting relationship with clients is a key factor in building any skin care practice. It is important to recognize that client relations are not limited to interactions with the esthetician. A good salon owner or manager understands that a salon must consistently provide quality treatments and products to achieve success. More importantly, he or she knows that how well the front desk is managed has just as much to do with client satisfaction as the practitioner's performance does.

The Reception Area

In the reception area, your clients get that all-important first impression of your salon. Take extra care to make a positive impression by keeping the area attractive, neat, clean, and comfortable. Clients need to feel

© Chris Christou, 2011; used under license from Shutterstock.com.



confident when they walk through your doors. To assure them, you must create a sense of calm, order, and organization. The front desk should be easily accessible and clutter free, allowing clients to check-in and out with a minimum amount of effort and confusion. While waiting for service, clients should be kept as comfortable as possible. Offer refreshments and reading materials for their pleasure. These should reflect the ambiance of your salon; for example, you will want to have educational materials that encourage good skin care habits (**Figure 22–12**).

But the reception area offers more than a polished image. It is the hub of salon operations, where the receptionist does his or her job, appointments are made, retail merchandise is displayed and sold, and communication systems are located. To manage all these functions effectively, the reception area should be stocked with ample resources for accomplishing tasks quickly and efficiently. Essential items such as business and appointment cards, brochures, gift certificates, product guides, and price lists should be readily accessible at all times. The reception area is also the ideal place to display your menu of services, pricing information, spa policies, and promotional materials (**Figure 22–13**).

The Receptionist

The receptionist is instrumental in managing a well-run salon. He or she should be a valued member of your team and a resource for all products and services. It is imperative that you hire the right person for the job and train him or her well. This should include a complimentary sampling of all salon services. Having firsthand experience with all treatments will help the receptionist do a better job of selling them to clients.

The receptionist performs a variety of tasks that are critical to maintaining the flow of business. These include greeting clients, answering the telephone, booking appointments, keeping staff informed and on schedule, recommending services and products, and informing customers about policies and procedures. In many salons, the receptionist also performs other business functions. For example, he or she might maintain inventory, generate sales reports, perform marketing-related tasks, conduct follow-up or reminder phone calls, and prepare staff schedules.

It is the receptionist's job to promote goodwill, instill client confidence, and ensure customer satisfaction. To do the job well, he or she should enjoy working with people and have excellent interpersonal communication and public relations skills. The receptionist's work can be demanding and stressful, requiring the ability to juggle tasks simultaneously. The phone may be ringing, colleagues may have questions, and several clients may be standing in front

© Milady, a part of Cengage Learning. Photography by Paul Castle, Castle Photography.



▲ **Figure 22–12**
An attractive reception area helps to create a positive first impression.

© Milady, a part of Cengage Learning. Photography by Rob Werfel Photography.



▲ **Figure 22–13**
The reception area is the hub of salon operations.



of the desk waiting for service. Nevertheless, the receptionist must remain calm, courteous, and pleasant. He or she should also be conscious of personal presentation. As the first person clients come in contact with, the receptionist should reflect the image of the salon. A friendly smile and neat, clean appearance help create that all-important positive first impression. **L07**

Scheduling Appointments

To generate business, you must book appointments. To do the job well, you should be aware of all scheduling parameters and time constraints. Managing time well is the key to successful business operations, particularly in the esthetics industry. In this fast-paced world, clients simply do not want to wait. To keep customers satisfied, those responsible for scheduling appointments should be aware of several crucial factors.

In most salons the receptionist is the primary person responsible for booking appointments. Whether appointments are made over the telephone or in person, the receptionist must be able to communicate clearly and effectively. Clients often have several questions when making decisions about appointments. The receptionist should be prepared to provide concise, direct, and courteous answers to such frequently asked questions such as the cost of a service and how long it takes to perform that service. There may be additional information that goes along with scheduling a treatment; for example, a client may need to be prepared to arrive early or dress in a certain way. This means the receptionist must be knowledgeable about all treatments and procedures and know how long it takes each practitioner to provide the requested service.

Appointments may be written in an actual book that is kept at the reception desk. In this day and age, most contemporary salons use computerized programs to schedule appointments. In many busy or larger salons, appointment information is networked to other areas of the facility to help staff stay on schedule. Whichever method is used, the receptionist must take care to enter information precisely. It is critical to obtain the client's first and last names, phone number, and the service they have requested.

To keep business flowing smoothly, most salons have specific policies for confirming and canceling appointments as well as for handling late arrivals. There may also be general guidelines for assigning services. In larger facilities, requesting a particular practitioner may not be an option. Smaller salons may honor such requests; however, it is sometimes difficult to fulfill a client's desire for a certain time or practitioner. In such cases, the receptionist should always give the client other options that may include suggesting another practitioner, offering to reschedule at another time, or putting the client on a waiting list for cancellations. Some clients may insist on being "squeezed in" for a special occasion or event. The receptionist must be careful not to overbook services, stating policies in an assertive but diplomatic way. Staying on schedule is crucial to the ease and flow of operations and ultimately promotes customer satisfaction. The receptionist must also consider

how each practitioner works. In turn, practitioners must do their part to stay on schedule and work cooperatively with the receptionist. If schedules change or rotate monthly or weekly, the receptionist should be informed and display this information in a prominent place as a general reminder to others who may require it.

Scheduling appointments is generally the receptionist's main job. At times others may be required to answer the phone. It is important for management to instruct all staff members responsible for answering the phone in all aspects of booking appointments. Presenting the wrong information or keeping clients waiting for answers does not instill confidence.

As a final note, those scheduling appointments should remember that repeat business is essential to maintaining a full appointment book. It should be standard practice to remind clients to book their next appointment (**Figure 22–14**). Some salons offer incentives for rebooking, such as special discounts or frequent-buyer programs. A good receptionist will make clients aware of any valuable savings when making appointments.

Telephone Skills

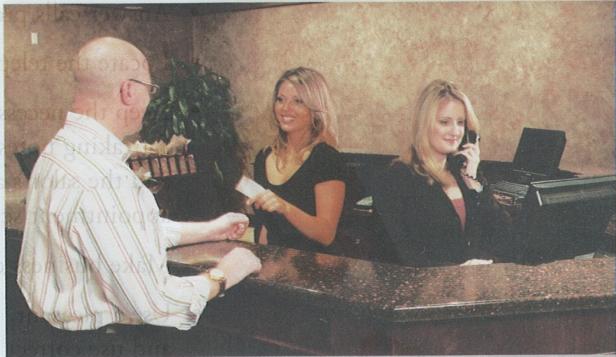
Although many businesses are becoming comfortable with e-commerce, using the Internet effectively to schedule appointments and make purchases on-line, the telephone is still considered the lifeline of business operations, offering direct personal service to clients. Therefore, proper training in the correct procedure for handling calls is essential.

For quality control purposes, it is often helpful to identify the specific language that should be used when answering calls and to supply examples of the best way to handle common problems. Many well-run businesses will print this information and store it in a strategic location near the telephone along with other important administrative manuals. Planning ahead in this way can prevent the necessity of urgently training a substitute for the receptionist. It also provides easy access to the correct protocols should employees who answer the telephone occasionally need a quick reminder.

The telephone is an important part of the salon's business. It is regularly used to do the following:

- Answer questions and provide friendly service
- Make, change, or confirm appointments
- Receive messages
- Promote client services
- Handle complaints
- Follow up with clients
- Order equipment and supplies from vendors

© Milady, a part of Cengage Learning. Photography by Paul Castle, Castle Photography.



▲ Figure 22–14
Scheduling repeat appointments is an important aspect of generating business.

- 
- Seek new business opportunities
- Here are some suggested guidelines for making the most effective use of the telephone.
- Assign a specific person to answer the phone.
 - Answer calls promptly, and return messages directly.
 - Locate the telephone in a convenient and quiet area.
 - Keep the necessary tools near the phone: pens, pencils, and a pad of paper for taking notes; directories; a list of important numbers; client records; and the salon's appointment book (or computer displaying the salon's appointment screen).
 - Make business calls at a quiet time.
 - Use a pleasant, natural tone of voice, speak clearly at a moderate pace, and use correct professional language. Do not use slang.
 - Be polite, respectful, courteous, and attentive.
 - Handle price objections or complaints with patience and tact. Do not say anything that might be construed as irritating or annoying.
 - Practice appropriate greetings and answers to frequently asked questions.
 - Plan and practice a "script" for marketing and business calls. This helps project an image of confidence and efficiency.
 - Take notes so you will remember the main points of a conversation and be able to respond intelligently.

Incoming Calls

Salons spend a good percentage of their earnings on marketing. Getting the phone to ring is critical to stimulating business. Once your phone is ringing, you will want to make every effort to show how important that call is to you. Although voice mail and answering machines have become standard practice and are used in many smaller salons that may not be able to afford a full-time receptionist to answer the phone, proper etiquette still applies.

The following general guidelines are suggested as professional telephone etiquette:

- **Answer your phone within three rings.** No one likes to wait. Show clients you care by answering calls promptly.
- **If you must place a caller on hold, be polite.** Always ask permission before placing a caller on hold, allowing enough time for a response.
- **Program your voice-mail system to be user-friendly.** Your message should be brief, but provide enough information for clients to identify the salon. Use simple, easily understood instructions that encourage clients to leave their name, telephone number, and reason for calling.
- **Return calls promptly.** Check your messages often, and respond as quickly as possible. If you will be away from the telephone for any length of time,

let clients know how long and specify when you will return calls. Waiting longer than 24 hours to respond to a call is inappropriate.

- **Project a positive attitude.** Let clients know you are eager to serve them by greeting them in a sincere, welcoming tone of voice. Remember: a first-time caller is your first opportunity to make a good first impression.
- **Be courteous and attentive.** Use polite words and phrases such as *please*, *thank you*, and *excuse me*. Never chew gum or eat while engaged in a conversation. This is extremely unprofessional.
- **Listen respectfully.** Give the caller your undivided attention; carrying on a conversation with someone else while the caller is on the line is impolite. If you need to obtain additional information for a client, ask to place him or her on hold or take his or her number to return the call.
- **Confirm appointments 24 to 48 hours in advance.** Reminder calls show customers you value their business. Whether speaking directly to a client or leaving a message, be sure to state the details of the appointment including the exact time, date, day of the week, and service scheduled.
- **When leaving messages, always address the client properly by name.** Clearly identify yourself and the salon. Keep your message simple and to the point, providing exact information in a polite voice. LO8

Cell Phones and Other Electronic Devices

The use of cell phones and other electronic devices, such as iPhones and iPads, in spas and salons is a real concern today. Although skin care salons may vary in terms of the level of quietude that is expected, most are invested in creating an atmosphere of relaxation and privacy for their guests. This makes the restriction of cell phones and other technology tools a must for both clients and service providers.

Your policy on cell phone and electronic device usage should be clearly stated in any literature or promotional materials that alert guests to salon policies and etiquette prior to their appointment, such as your brochure and Web site. It should also be placed in highly visible areas in the salon, such as at your front desk, restrooms, waiting, and relaxation areas. A separate policy for employees should be incorporated into your employee manual and should also be written into other important documents, such as job descriptions or performance evaluations, where employees would be required to sign-off on their understanding of the policy.

Some salons and spas designate special areas where the use of cell phones and other electronic devices is permissible. This often helps to alleviate complaints from clients who simply cannot part with their technology. Still you are likely to face challenges. If your salon has trouble enforcing its cell phone policy, you might consider implementing a policy that requires guests to turn off their cell phones, iPhones, and so forth as part of a routine check-in.



CAUTION!

The use of cell phones and other electronic devices, although commonplace in our culture, can be extremely disruptive to the quality of service in the salon or spa. Under no circumstance should a service provider answer or use their personal cell phone, check personal e-mail, or send or respond to a personal text message during client treatments. Repeated violation of the salon's cell phone policy for employees is likely to result in disciplinary action and could ultimately cost you your job.

It is equally inappropriate for employees to allow their cell phones to ring during work hours. Under no circumstance should a service provider answer or use their cell phone, check personal e-mail, or send or respond to a text message during client treatments. Some employers may designate a special area, such as a breakroom, as a free-zone for cell phone and technology use. Others may ask that you step outside the building to make personal calls. It is important to remember that any conversations in or around the salon area run the risk of being heard by others. Estheticians should never discuss personal or private information in places where it can be overheard by clients, coworkers, and supervisors.

Personnel

Skilled workers are an invaluable asset to any salon. How do you hire and keep good workers? The answer to that question is a multifaceted one that deserves special attention. How many times have you heard a business owner say, "It is not easy to find good help these days"? Although the phrase may seem overworked, it certainly highlights the frustration many salon owners feel when looking for new employees.

Searching for good employees is expensive. Advertising can be costly, and the process of reading resumes and interviewing takes a good deal of time, effort, and energy. To maximize your efforts, develop a list of questions and criteria for evaluating prospective employees beforehand. You will want to consider such factors as experience, skill level, overall attitude, communication skills, personal presentation, and philosophy of skin care as it relates to your practice. If you are interested in a candidate, you will want to follow up by requesting references from previous employers or supervisors. When dealing with more inexperienced candidates, you may wish to ask for recommendations from the school they attended and a demonstration of the required skills.

For some salons, the opportunity to increase clientele is an important prerequisite for employment. If that is a priority for hiring in your salon, you will want to learn more about a prospective employee's clients and the possible number of clients that will follow him or her to your spa or salon. Bear in mind that for various reasons, clients may be unwilling to follow an esthetician to a new establishment.

After determining that a candidate is a good fit for your salon and completing the hiring process, you will need to teach the new employee the way you would like things done. Training new staff takes time and patience. To get the best return on your investment, you will want to establish sensible rules and direction.

Efficiently run salons provide employees with clear expectations. These generally come in the form of job descriptions and employee manuals on policies and procedures. As we learned in Chapter 21, Career Planning, job descriptions are extremely useful in helping employees understand exactly what is expected of them. They can also provide a reasonable

standard for evaluating an employee's performance. But it is important to remember that job descriptions vary from salon to salon. Larger salons or spas may hire a greater number of employees to perform very specific functions, while smaller salons may employ fewer **personnel**, or staff members, and require them to perform a greater number of services. For example, depending upon licensing regulations, an esthetician may be hired to perform facials as well as hair removal, body treatments, and makeup services.

Employee manuals have very distinct purposes. The **employee manual** or handbook may cover general information about salon operations: the number of sick days or amount of vacation time allowed, holiday closings, the procedure for calling in late or sick, the appropriate dress code for estheticians, the policy on purchasing goods or services from the salon, and how the company's health insurance plan works. A **procedural guide** is designed to standardize operations and may include specific protocols for conducting individual services, such as the expected method for performing a glycolic or microdermabrasion treatment. Although some may find this approach restrictive, keep in mind that guidelines are generally put in place to maintain a certain quality or standard of care. They may also address specific safety concerns such as cleaning, disinfecting, sterilization, or Universal Precautions that are intended to protect the consumer as well as the practitioner.

Hopefully, your relationship with employees will be long and fruitful, satisfying the needs of both parties. To encourage mutually beneficial, lasting, and profitable relationships, you must work hard to develop fair and ethical employee practices. This requires excellent communication skills and a good deal of patience. Expect that it will take time to build trust, cooperation, genuine caring, and respect. The following guidelines are suggested to encourage good employee relations:

- **Begin each new employee relationship with the proper orientation.** This should include a complete and thorough review of the company's mission statement, individual job descriptions, the employee manual or handbook, and procedural guidelines.
- **Treat employees with dignity and respect.** Acknowledge good work and reward exemplary behavior whenever possible. This may come in the form of verbal praise or a tangible bonus.
- **Practice positive communication skills and take time to guide workers through difficulties.** Learn to actively listen, and provide positive feedback whenever the opportunity arises.
- **Let employees know you appreciate them.** If the company does well, share as much of the wealth as possible by offering profit sharing or year-end bonuses.
- **Meet payroll obligations on time.** Remember that employees have bills to pay and personal obligations to meet. Make the payroll a top priority.
- **Offer as many benefits as possible, and cover as much of the cost as possible.** If you are a small business and cannot afford certain benefits such as health insurance, at least consider the option of making it available.





© StockLite, 2011; used under license from Shutterstock.com.

▲ Figure 22–15

Management skills can be learned by enrolling in courses for new managers or joining managerial support groups.

- **Set clear goals and objectives, and be consistent.** Knowing what the expectations and consequences are encourages trust. To be recognized as a person of your word, be sure to create salon policies that you can stick to. Set standards for how you will pay employees. Everyone wants to be acknowledged for his or her contribution. Let employees know what your standard of measurement is. For example, is salary based on knowledge, ability, experience, or training? Also, if you intend to incorporate commissions for specific sales or services, put this information in writing and provide a copy for each employee.
- **Evaluate productivity, and furnish pay increases fairly.** Establishing set criteria for pay increases sets the tone for a fair and equitable system.
- **Learn to motivate your employees.** Create incentives for employees by offering bonuses—money, prizes, or tickets to educational conferences or trade shows.

Managing Personnel

Managing your staff can be a difficult but rewarding job. Motivating others to do their job well may be a challenge at first. However, if you are patient and dedicated to building a team, you will succeed. To become a good manager, you will need a variety of interpersonal and communication skills. Not all of these skills will come naturally, and they may require additional education on your part (Figure 22–15). Management skills can be learned from various sources, including other salon managers or business owners. Do not be afraid to seek support from others more seasoned than you are. Joining managerial support groups or enrolling in courses designed specifically for new managers can be excellent opportunities for personal growth and development. As you acquire new methods for managing your team, think about the character traits that are most important to you in becoming a quality manager. The following suggestions may be helpful.

- **Honesty is always the best policy.** You will frequently have to share difficult information with employees, such as letting them know that their performance is not up to par. Learn to provide truthful, constructive feedback.
- **Act decisively.** Do not let situations linger. When issues and differences arise, address them as quickly and diplomatically as possible.
- **Learn to expect the best.** Before jumping to a negative conclusion, give your employees the benefit of the doubt and listen to all the facts. Good intentions may not always result in a positive outcome.
- **Show leadership.** Your employees will view you as the leader of the team. It is your job as the manager of your salon to support, guide, motivate, and mentor your staff.
- **Share information.** Show your employees that they are valuable members of your team by keeping them aware of important salon decisions. This does not mean you should tell all; some matters may cause employees

to become overly concerned or worried. Share only pertinent and appropriate information on a need-to-know basis (**Figure 22–16**).

- **Follow the rules.** Rules are important to a well-run organization. To enforce them, you must set a positive example. Be sure to follow your own rules: employees will have greater respect for them if you provide a good example.
- **Be reliable.** Keeping your word builds credibility and trust. Employees need to know they can depend and rely on you. To promote confidence, do not make promises you cannot keep.
- **Teach them well.** Learn to share your methods and reasoning for performing tasks or making certain judgments. This will help employees to understand that business decisions are determined in a thoughtful and rational way. It is also a good idea to provide a forum for employee input. Showing your employees you also value their opinion promotes mutual respect and strengthens relationships. **L09**

Public Relations

Developing a reputation for quality service and fair business practices will increase your standing not only with employees and clients but also in the community where you work. Although we hear the term *public relations* often, many are not clear about its meaning. **Public relations**, also known as **PR**, is all about planning and developing relationships to achieve a certain desired behavior. We'll talk more about this complex marketing strategy in Chapter 23, Selling Products and Services. It is important to understand that public relations impacts all aspects of business development and should be considered part of a total communication plan that includes all of your business relationships.

In operating your own skin care business, you will have many opportunities to interact with a wide variety of people including clients, employees, vendors, colleagues, business leaders, and local officials. To maintain productive relations and positive outcomes, you will need to work on developing effective communication and management skills. Your customer and employee policies will guide you in this process. When reviewing these materials, think earnestly about how comfortable you are with enforcing your "rules." If there are certain issues that you regularly dismiss, decide whether you can continue to stand behind them. You may decide to make changes to your commitments and philosophies over time. As you think about the many topics discussed in this chapter, take stock of how you handle difficult situations and treat others. Ongoing and critical self-evaluation is instrumental to the growth and development of a successful salon.

Here's a Tip

One of the best ways to recruit talented estheticians is to develop relationships with quality schools in your area. Take advantage of any internship programs, job boards, and career days that are available through educational institutions. You might also invite esthetic instructors to bring students into your salon for a field trip, volunteer your time as a speaker, or participate in continuing education programs. Becoming a familiar and friendly face on campus will not only increase your access to students, it will help to establish you as a reputable and caring employer who is invested in education.



© Milady, a part of Cengage Learning. Photography by Rob Werel Photography.

▲ **Figure 22–16**
Sharing pertinent information with employees promotes understanding and strengthens relations.

Review Questions

1. List the advantages and disadvantages of a booth-rental arrangement.
2. List the types of ownership under which a skin care salon may operate. Define each.
3. What should you look for when considering a location to open your own skin care salon?
4. Why are demographics important to the prospective salon owner?
5. How can a business plan help you to make good business decisions?
6. How do local, state, and federal government regulations affect the small business owner?
7. Why is it important for the small business owner to keep accurate records?
8. List several factors to consider when planning the physical layout of your salon.
9. Discuss the importance of insurance to the salon owner.
10. List several ways that you can safeguard your business.
11. Name several things you should look for when hiring employees.
12. Describe the qualities of a good manager.
13. List the qualifications that are important in a good receptionist.
14. Develop a script for receiving incoming calls and discuss the best way to place clients on hold.
15. What important information should you provide when leaving a telephone message on a machine or service?
16. How can employee manuals and procedural guides help you manage personnel?
17. How might public relations affect the way you operate your own skin care salon?

Glossary

booth rental	Arrangement in which the esthetician is required to pay the owner a set rental fee, along with payment of utilities as agreed upon, to operate in a specific space within the owner's establishment.
business plan	Strategy for understanding key elements in developing business; also serves as a guide to making informed business decisions; a written description of your business as you see it today, and as you foresee it in the next 5 years (detailed by year).
capital	Money needed to invest in a business.
consumption supplies	Supplies used to conduct daily business operations.
corporation	Form of business ownership whereby one or more stockholders share ownership; the corporation is considered an independent legal entity separate and distinct from its owners with its own rights, privileges, and liabilities.
demographics	The particular identifying characteristics of an area or population, such as the specific size, age, sex, or ethnicity of its residents; average income; educational attainment; and buying habits.
employee manual	Handbook or guide for employees; contains important general information about salon operations, such as the number of sick days or vacation time allowed, holiday closings, how to call in late or sick, and the appropriate dress code for estheticians.

Glossary

fixed costs	Operating costs that are constant, for example, rent and loan payments.
partnership	Form of business ownership in which two or more people share ownership, although this does not necessarily mean an equal arrangement. In a partnership, each partner assumes the other's unlimited liability for debt. Profits are shared among partners.
personnel	Employees; staff.
procedural guide	Manual or set of instructions designed to standardize operations; supplies specific protocols for conducting individual services, such as the expected method for performing a glycolic or microdermabrasion treatment.
profit	Amount of money available after all expenses are subtracted from all revenues.
public relations	Also known as <i>PR</i> ; planning and developing of relationships to achieve a certain desired behavior.
retail supplies	Items available for sale to clients.
revenue	Income generated from selling services and products, or money taken in.
sole proprietorship	Form of business ownership in which an individual acts as sole owner and manager and is responsible for determining all policies and making all of the necessary decisions associated with running a business.
variable costs	Business expenses that fluctuate, such as utilities, supplies, and advertising.