



8 Tips

**For Independent Beauty Professionals
to Navigate COVID-19 and Overcome
Financial Uncertainty**



This is an unprecedented time. The coronavirus pandemic is presenting challenges that are new to everyone. Within the DNA of the entrepreneurial spirit is the power to find hidden opportunities and rise above challenges. Remember, storms never last! It's your response and the actions you take during challenging times that truly matter.

Here are 8 simple steps you can take to help navigate these challenges, stay empowered, and emerge stronger on the other side.



"Beware of small expenses; a small leak will sink a great ship."

BENJAMIN FRANKLIN

1 Preserve Cash

The first place to start is finding ways to preserve the cash you already have, both in your business and your personal life. Many companies are extending payment terms, deferring payments and even forgiving payments due to COVID-19. Here are a few areas to start:

Tax Payments: The IRS has extended the 2020 tax filing and payment deadline from April 15 to July 15. Be sure to consult your tax professional now to see if you can make adjustments to your withholdings and estimated tax payments.

Credit Cards: Request removal of interest or lowering of your interest rate. Lower your payments to minimum payment if necessary. Request a no-payment period if needed.

Student Loans: Call your borrower and request a forbearance or deferment of payments.

Car Loans/Leases: Call your lender and request a forbearance or deferment of payment.

Phone/Internet: Call your phone company and internet provider to see if there are less expensive plans available.

Auto Insurance: Contact your auto insurance provider to request a refund on premiums or discount for renewals.

Everyday Essentials: Does your salon affiliation offer cost-savings on everyday essentials? Sola Salon Studios has an ongoing partnership with the company PerkSpot to offer their beauty professionals discounts for everyday products and services like food and delivery services, personal and household cleaning products, mortgage rates and more! Sola professionals can access these savings inside the Sola-exclusive Sola Pro app.

*Take
Action*

Choose one of the areas above and take action. Explain your current situation and ask if there is anything that can be done to help. It never hurts to ask!

"Cash rules everything around me."

WU-TANG CLAN

Access Cash

Depending on your financial situation, preserving the cash you do have might not be enough. Ideally, we would all have cash reserves and an emergency fund of 3 to 6 months of expenses. If you are not there, it's okay and you are far from alone! According to various studies, approximately 80% of American's live paycheck to paycheck. This means one missed paycheck puts you in the negative—let alone a month's worth! You may need to find some creative ways to access cash, quickly. Here are a few ideas:

- Apply for an Economic Injury Disaster Loan through the SBA. Visit [sba.gov](https://www.sba.gov) to apply.
- Apply for the Paycheck Protection Program through your bank, which offers 100% federally guaranteed loans with loan forgiveness to small businesses. Independent Contractors can apply beginning April 10, 2020. View details at [sba.gov](https://www.sba.gov).
- Apply for a grant through the Professional Beauty Association at [probeauty.org](https://www.probeauty.org). This is up to a \$500 grant for licensed professionals.
- Apply for a Beauty Professional Relief grant through Beauty Changes Lives at [beautychangeslives.org](https://www.beautychangeslives.org). This is a \$1,000 grant funded by the Horst Rechelbacher Relief Fund.
- Ask clients if they would be willing to pre-purchase a service. Sell gift cards to get cash up front and provide the service(s) at a later date. Sola professionals who use the salon management software SolaGenius can offer clients the ability to purchase gift cards directly through their online booking page.
- Apply for a credit card that offers no interest and ONLY use this for absolute necessities! (Note: This is NOT a time to incur unnecessary debt!)
- Contact your bank and apply for a line of credit.

*Take
Action*

If you need to access cash, pick one of the areas above and make progress on it today!

*"It is not a daily increase, but a daily decrease.
Hack away at the inessentials."*

BRUCE LEE

Simplify

Make the word "eliminate" part of your regular vocabulary and frugality your new best friend! Regardless of the state of the economy, entrepreneurship (and life!) can be overwhelming. We're living in the age of TOO—too many choices, too much to do and too much information! The practice of simplicity is powerful, for your business, finances and your sanity! Here are a few ways to simplify:

- Review your monthly bank and credit card statements and identify which expenditures are not necessities. Commit to eliminating at least one.
- Use "Swap & Shop", "Poshmark", or other social media marketplaces to sell items you can live without.
- Donate to those in need.

*Take
Action*

What is one thing you can eliminate today to help simplify your life?

"What you measure, gets managed."

PETER DRUCKER

Track Your Money

This is absolutely critical. If tracking your money is new for you, consider doing it by hand. Writing things down creates a sense of ownership and accountability. Having clarity around your finances will give you a sense of control, especially in times of uncertainty.

It's the dreaded "B" word—budgeting.

Unfortunately, the word budget gets a bad rap, conjuring up feelings of fear, overwhelm and restriction. Bottom line—a budget is just a plan for your money. Budgeting means you're being intentional and spending with purpose. Ditch denial and get real about your finances. Here's how to get started:

1. Determine your monthly income. If it varies month to month, select the lowest option and budget for that. If your income happens to be zero right now, it's okay. Still list it.
2. List your **fixed expenses**: These are items that typically cannot be changed; such as rent/mortgage, health insurance, utilities, car payments, student loans, credit card payments, employee salaries, etc.

Consider which fixed expenses could be considered discretionary. A gym membership, subscription streaming service, etc. Do research and get creative to see if you can get any of these expenses for free or at a lower rate. **Refer to step 1 to see which of these fixed expenses can be lowered or deferred, especially in times of a financial crisis.*

3. List out of your **variable expenses**: These are expenses that change month to month such as entertainment, food, clothing, etc. Get creative here. How can you save money in these areas to preserve cash?

Using a software like SolaGenius can take the guesswork out of this task by easily tracking your monthly, quarterly and yearly business expenses.

4. List annual expenses and divide by 12 to include budgeting for them within each month.
5. Determine how much money you should set aside in savings per month so that large expenses don't throw off your monthly budget. Examples include estimated taxes, license renewal, vehicle registration, etc.

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6. Subtract your expenses from your income. What remains is what you have left to “live off.” If you are in the negative, you’re not alone, especially in times of a financial crisis. But you will need to take action by either decreasing your current expenses (see tips #1 and 3), generating new sources of income (see tip #2), increasing existing revenue streams (keep reading for more ideas on additional sources of income), or a combination of the above.
7. Determine how to lower current expenses, both fixed and variable. Distinguish “wants” versus “needs” when tracking your numbers. Make note of where you can simplify.

Tips:

- You should have a SEPARATE budget and tracking system for your personal finances and for your business finances. This is critical, and many entrepreneurs tend to blend the two. Keep it separate!
- Challenge limiting beliefs around finances and budgeting. Many times our unconscious, internal beliefs prevent us from making progress. For example, if you “hate” or “avoid” financial planning and budgeting, ask yourself why and make a clear picture for yourself of how your life will improve if you reframe these beliefs. This will be different for everyone. Maybe growing up, finances were an area of tension in your home so you see financial planning as stressful, therefore avoid it. Challenge that belief by recognizing that having a plan and structure for your finances actually brings peace and helps you avoid conflict. Whatever the belief may be, recognize it and seek to reframe it.
- Progress not perfection. Give yourself grace and space as you learn new ways of managing your finances.
- Tap into your creativity and utilize your strengths. If you find numbers boring or overwhelming, try drawing out your budget! Use colored pens, fun paper and make it an enjoyable process.

If you are in a period of no income, it can be scary. But just remember, it’s temporary! Get creative on ways to access and preserve cash (See Business Growth below for more details on preserving cash and increasing sales right now.) And most importantly, create a budget so you can make informed financial decisions that you can be proud of.

Take
Action

Make a budget today, so you can see where every dollar is going. Once you know exactly where your finances are going, you can do something about it.

"Knowledge is the antidote to fear."

RALPH WALDO EMERSON

Level up your Financial Acumen

The scariest things are the ones we don't understand. Challenge yourself to up your game when it comes to financial literacy. Many entrepreneurs tend to place a strong focus on their craft at the expense of the financial side of the business. Don't let this be you! Remember, numbers are simply a language, and you can't learn a new language without study and practice. Focusing on the numbers will allow you to do MORE of what you love.

Financial Management: Unlike practicing a service, there's not a lot of room for creativity when it comes to financial management terms. There's an exactness to this side of the business, and it's important to understand some key terms that you will need to know and provide as an entrepreneur. This will also allow you to speak the same language with accountants, tax professionals and lenders.

Understand Basic Financial Language:

- **Financial Statement** - a report that summarizes the financial condition and operations of a business — income statements (P & L), balance sheet, statement of cash flow
- **P & L - Profit and Loss Statement** - summarizes the revenues, costs, and expenses incurred during a specified period (*also called an income statement)
- **Balance Sheet** - reports the value of a business assets, liabilities and owner's equity on a specific date
- **Asset** - anything of value owned (ex. Inventory of retail, tools, etc.)
- **Liability** - an amount owed (ex. Monies due to vendors, other business debt such as credit card, loan, etc.)
- **Equity** - the difference between assets and liability (assets-liability = equity)
- **Depreciation** - decrease in value of an asset with the passage of time due usually to wear and tear
- **ROI** - Return on Investment: performance measurement used to evaluate efficiency of an investment relative to its cost

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Here are 3 ways to apply your knowledge of these financial terms:

- **ROI:** Look back at your business expenses for the past year. Which ones generated a high return on investment? Do you see any that generated a low return? Consider the amount of attention, time and money that you expended on each expense and evaluate what the return was in proportion to your investment. Eliminate or reduce areas that have a low ROI.
- **Equity:** On a piece of paper, make a list of your current Assets and your Liabilities. Add up each list to get a total. Next, subtract the total for Liabilities from the total of Assets. What remains, is your equity and the equation for your Balance Sheet. This will help give you clarity on where your business stands.
- **P & L:** Your Profit and Loss Statement is not just needed for tax purposes, it also tells you a lot about your business. Your P & L should be broken down into 3 main sections: Revenue (income generated), Cost of Sales (money spent on delivering products or services for ex: back bar products, service payroll, etc) and Operating Expenses (money spent running the business for ex: rent, insurance, etc). A successful assessment of your P&L statement combines the strategy of driving revenue and lowering expenses.

Business Growth: Growing a business is not the same as being strong in a craft, it requires focus and intention! Even when you're not in the business, this is a great opportunity to focus on the business! Understand a couple numbers and key drivers that you can take action on even when you're not at work. We promise, you'll be glad you did!

Understand one simple KPI: Total Sales

- The term KPI stands for Key Performance Indicator. A KPI is a common business term, and it's a measurable number that allows you to see how you are performing. Generally speaking, when Total Sales is increasing, your performance is increasing. (Remember, sales does NOT mean profit!)
- A simple equation to figure total sales is **Client Count** (how many clients you see in a given week) x **Average Ticket** (how much each client spends per visit) = **Total Sales**.

Take
Action

Apply what you learned about ROI, Equity and P & L's to your business finances.

*"Growth is never by mere chance;
it is the result of forces working together."*

JAMES CASH PENNEY, FOUNDER, JC PENNEY

Increase Total Sales Through Growth

In a period where you're unable to work, growing Total Sales might feel impossible! However, there are actions you can take today to impact this number in the future. View this time as an opportunity to be proactive. You might not yield immediate results, but when you do return to work, your clients and wallets will thank you! Learn the 6 drivers of Total Sales you can take action on now.

Client Count Drivers

- **Referrals** - Ask your clients to support you, especially during times of turmoil. Ask them to post a testimonial or review online or tag you with a referral on social media.
- **Retention** - Stay connected with your clients, even when you're not providing services. Send them an email or text a picture of a style or look that you can see them in. Let them know you're thinking of them. Create short videos or Facebook Lives on ways they can manage their hair at home. You can even poll your audience on social media to learn more about what they want to learn from you.
- **Rebooking** - Get as many clients as you can scheduled for their next 2 appointments so you have a full book when you are able to reopen.

Average Ticket Drivers

- **Retail** - Create 2-3 retail bundles, give personalized recommendations and offer to ship or do curbside drop offs for your guests.
- **Add-ons** - Use downtime to add to your skill sets. Can you learn how to do nails? Extensions? Determine ways you can enhance your services and create a menu with more offerings for your grand re-open.
- **Pricing** - Make sure you are charging appropriately for your services and avoid discounting. If you want to offer something special for your clients, add value to your service instead of discounting.

*Take
Action*

Sola provides cutting-edge technology to help with expense tracking inside the SolaGenius app. [CLICK HERE](#) to learn how you can use Sola technology to run your business like a boss.

"The possibilities are numerous once we decide to act and not react."

RALPH WALDO EMERSON

Act, Don't React

Fear and panic are two contagious emotions. Challenge yourself to take timely action, recognizing the difference between reacting out of fear versus taking empowered action! Uncertainty is scary and it can lead people to making rash decisions. Keep in mind, things will not always be this way. However, being adaptable will help you embrace a new normal once the storm passes. Trust yourself. You went into business because you are strong and can get through anything. It's part of the entrepreneurial spirit. You got this! Here are a few tips:

- Think back to a challenging time. Remind yourself how you got through it and that all struggles are temporary.
- Run opportunities by a trusted friend or mentor.
- Make a mind map or a pros and cons list to weigh your decisions.
- Turn to members of your community for support and encouragement. At Sola, there is a community of over 15,000 independent salon owners who have been through it all! Visit @solasalons on Instagram, listen to an episode of the Sola Stories Podcast or visit the Sola Blog for inspiration from others who have been in your shoes. Remind yourself that you aren't alone and there is support all around you to help you get grounded before making any major decisions.

*Take
Action*

With every decision you make, think forward 2 to 5 years. Ask yourself, "Is the decision I am making today something my future self will be proud of?"

"When you are grateful, fear disappears and abundance appears."

ANTHONY ROBBINS


Practice Gratitude

Feelings of financial insecurity can consume our thoughts, and the mind can trick us into thinking we're the only one with struggles. Remember, every single person has financial responsibilities of their own. They might be equally overwhelmed, or they might even be in a worse situation than you are. Use your downtime to express gratitude and appreciation for others, especially for your clients! Not only will this take the focus off yourself, but it's a kind thing to do and we promise, your clients will never forget the personal touch and act of kindness. Here are a few tips:

- Send your clients and loved ones handwritten cards expressing your gratitude. It's great to receive mail (that isn't another bill!) especially in times of stress.
- Start a gratitude journal. Write down 5-10 things every day that you are grateful for.
- Use social media platforms to express gratitude and positivity.

Take Action

Send at least 5 clients a handwritten notecard.
Here's a template to get you started: "Hi (first name). I miss seeing you in the salon! I've been thinking of you and just want to say thank you for being an amazing client! Can't wait to see you soon and hear about _____ (insert personal touch)."



Remember, challenging times create space for authentic growth. These moments give you space to reflect, redirect and improve your business, connect with your clients on a deeper level, and identify the people in your life you can truly count on.

When you're a salon owner, you're able to enjoy the benefits of being your own boss, but with that also comes great responsibility, especially in times of financial uncertainty. At Sola Salon Studios, working for yourself doesn't mean you have to be in it alone. Sola has made it their entire mission to inspire beauty professionals to chase their dreams, elevate their careers and experience the freedom and benefits of salon ownership. No matter what you may be facing, Sola has your back with the tools, resources and support to help you navigate any situation.

For additional support, guidance and resources, or to take control of your career by becoming your own boss, visit solasalonstudios.com.

