

# **BDM CAPSTONE PROJECT**

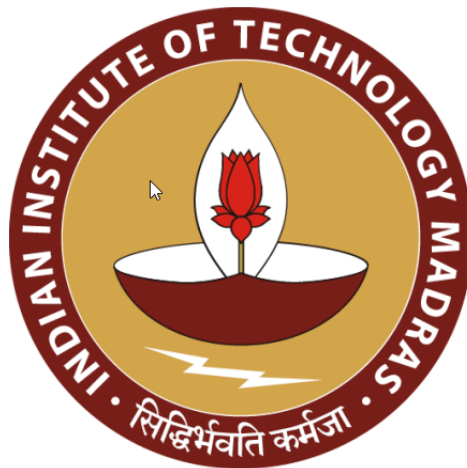
## **FINAL SUBMISSION**

### **OPTIMIZING WORKFLOW AND MINIMIZING OPERATIONAL COST FOR SALON BUSINESS**

Submitted by

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# 1. Executive Summary

‘**Trim with Glow Salon**’ is a small beauty salon located at 118/40, Agarwal Farm, Mansarovar, Jaipur, Rajasthan. It is a B2C business that directly deals with the customer in the segment of salon services.

This report aims to address the challenges faced by this ambitious salon. The business is dealing with issues such as an unorganized revenue model. To tackle these issues, a data-driven approach is proposed, involving an in-depth analysis of product economics and systematic collection and examination of sales data and identifying cost-saving opportunities by monitoring daily sales data. By utilizing tools such as Excel and Spreadsheets.

The salon seeks to streamline data processing and decision-making, optimizing stock levels, and minimizing wastage and stockouts. The document emphasizes the importance of systematic data collection to understand preferences of the customers and peak demand periods like festivals or wedding season, guiding data-driven decision-making. Analysis of the provided dataset has yielded significant insights, allowing for the identification of top-performing and underperforming services. This insight facilitates a strategic realignment of the service lineup to enhance sales.

## 2. Detailed Explanation of Analysis processes and methods

### **Process of Data Analysis in optimizing workflow and minimizing operational costs:**

The journey of data analysis encompasses several crucial steps, each contributing to the overall understanding of the salon business. This process involves defining the problem, collecting, and organizing data, cleaning, and transforming it, applying analysis techniques, and ultimately drawing meaningful conclusions.

#### **Data collection:**

The first step entails gathering all necessary data from Trim with Glow Salon in its entirety. This includes pulling relevant data from a variety of sources, including sales records, price lists, expenditure records and material costs.

#### **Data cleaning:**

The owner-provided data, a blend of clean and mixed information, required meticulous cleaning before analysis. While the price list was relatively clean and properly categorized, it underwent minor adjustments which includes adding material cost per service. However, the sales data and expenditure data sheets demanded extensive cleaning, categorization, and

integration with other data. The confirmation of certain fields and quantities by the owner helped ensure the data accuracy needed for proper analysis.

### **Sales Data Cleaning:**

Sales data provided by the owner was handwritten in her hisab diary with many errors and inconsistencies. The data provided was initially given as:

Date	Service name	Total amount
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The service and total amount column in her diary was inconsistent as it may contain day wise or customer wise service and their total. For the analysis process, Categories were added to sales data to provide necessary details about the services not only individually but category wise also. Material cost was also included in all services for generating insights in net profit. With intensive cleaning and major adjustments, the final sales table is outlined below:

Date	Service Name	Service Category	Service cost (₹)	Total revenue per day (₹)	Material cost (₹)	Profit per service (₹)	Profit per day (₹)
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### **Expenditure Data:**

This data includes electricity bills, water bills, snacks and maid charges. This data will help in finding accurate net profit and give some trends about seasonal expenditure like electricity bill which vary with season. This table is outlined below for ease of analysis:

Month	Category	Amount (₹)	Total amount per month (₹)
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### **Descriptive Statistics:**

The attributes of the data are condensed using descriptive statistics. The computation of important statistical measures like mean, median, mode, standard deviation, and range. This makes it possible to illuminate sales trends, variations, and the overall effectiveness of various services.

### **Data Visualization:**

The data is explained using a variety of visual representations, including graphs, charts, and tables, to make it more understandable. The type of data and the desired insights are taken into account when choosing the best visualization methodologies.

### **Sales Analysis:**

The sales data are then thoroughly examined with the goal of revealing patterns, trends, and connections within the dataset. This includes careful analysis of each service's sales over the allotted time period. Finding correlations and interdependencies as well as determining the most popular and least popular flavors are given particular emphasis.

Firstly the service trends were identified on a weekly and monthly basis. This clearly gives a picture about the performance of all the services. Then the category wise trends were noticed which helped in future modifications and experiments in different categories according to their performance. Also, services were analyzed on the basis of occurrence, revenue and profit. This is very important to find the most popular but low revenue service, and less popular but high profit generating services.

Weekly analysis was done to find the variation in sales throughout the week which helped in predicting the crowd on weekends and weekdays. Average revenue on each day will be considered because in 6 months Monday and Tuesday occurred 25 times whereas rest all days occur 26 times. To nullify these 5 days' advantages, an average will be taken. Although salon business is heavily dependent on the festive season and holidays, due to six months long data will neutralize such exceptionally busy days.

Monthly analysis provides us with more details about the seasonality of this business. We may see some trends on the basis of weather and wedding season.

Category wise analysis is important to modify services pricing on the basis of product cost, profit margin occurrence and revenue generation.

### **Data Interpretation:**

To come to insightful conclusions and takeaways, the analysis results are meticulously interpreted. In order to make informed decisions and develop targeted solutions, this phase requires careful linking of analysis findings to the project challenges and objectives.

### **Report Presentation:**

Results, findings, and recommendations are presented in a thorough report as part of the concluding phase. This document clearly and concisely explains the analysis procedure, methodologies used, and key insights. Graphical aids like charts and tables are incorporated to highlight the impact while improving the report's readability.

## **3. Results and Findings**

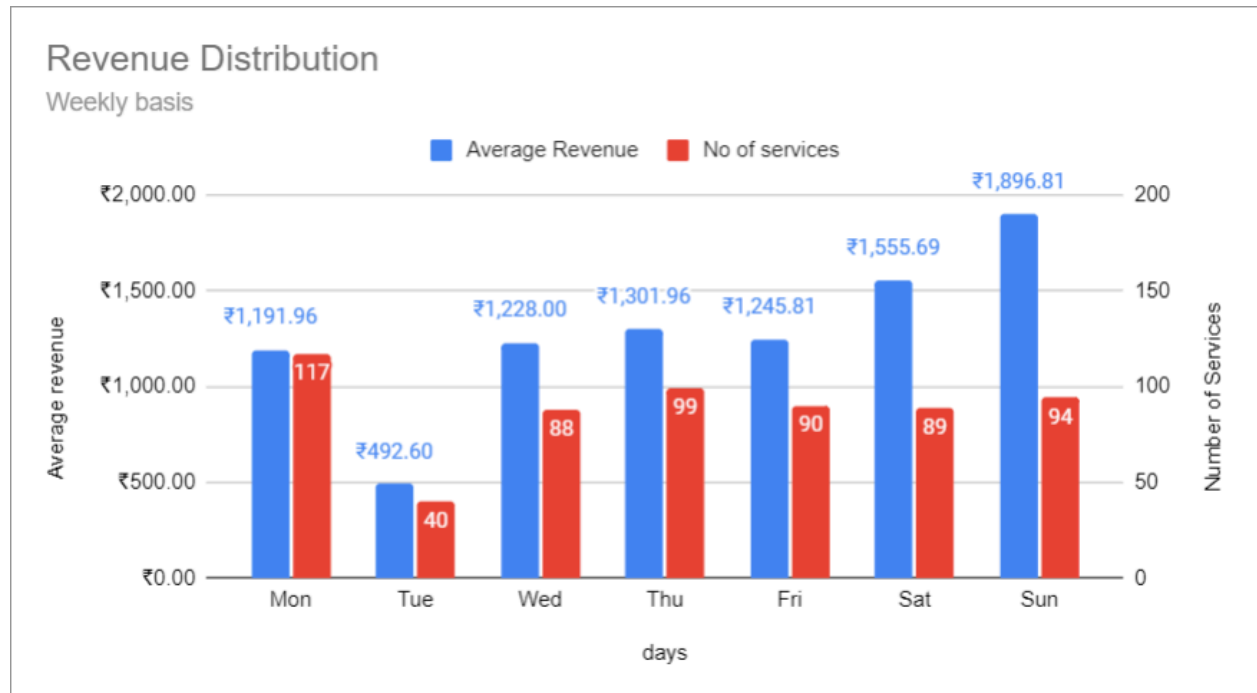
### **Descriptive Analysis for Overall Sales Data (Jan-June 2023):**

Descriptive statistic measure	Quantity	Total Revenue	Gross Profit
Sum	617	₹230049	₹176654
Mean	4.113	₹1533.66	₹1177.69
Median	4	₹1250	₹968
Standard Deviation	2.084	₹986.31	₹774.56
Minimum	1	₹100	₹100
Maximum	12	₹5200	₹4150

### Some insights gained from data:

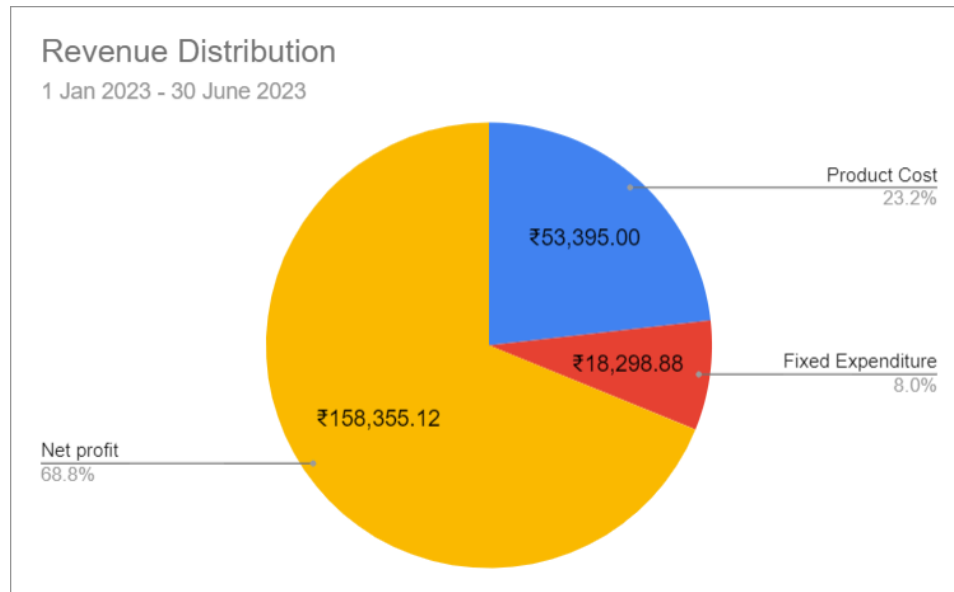
A total of 617 services were provided in 150 days by the salon in a span of 6 months. A total of ₹2,30,049 in revenue is generated, averaging approximately ₹373 per service. After removing material costs, Salon has a gross profit of ₹176654. Using fixed expenditure data, the monthly net profit is given below:

Month	Revenue	Gross Profit (₹)	Monthly Expenditure (₹)	Net Profit (₹)
Jan 2023	₹24,885	₹19,591	₹2,424.66	₹17,166.34
Feb 2023	₹35,350	₹27,529	₹2,393.61	₹25,135.39
Mar 2023	₹36,235	₹28,260	₹2,683.87	₹25,576.13
Apr 2023	₹47,475	₹36,143	₹2,705.87	₹33,437.13
May 2023	₹44,830	₹33,905	₹4,454.36	₹29,450.64
June 2023	₹41,274	₹31,226	₹3,636.51	₹27,589.49
Total	₹2,30,049	₹1,76,654	₹18,298.88	₹158,355.12

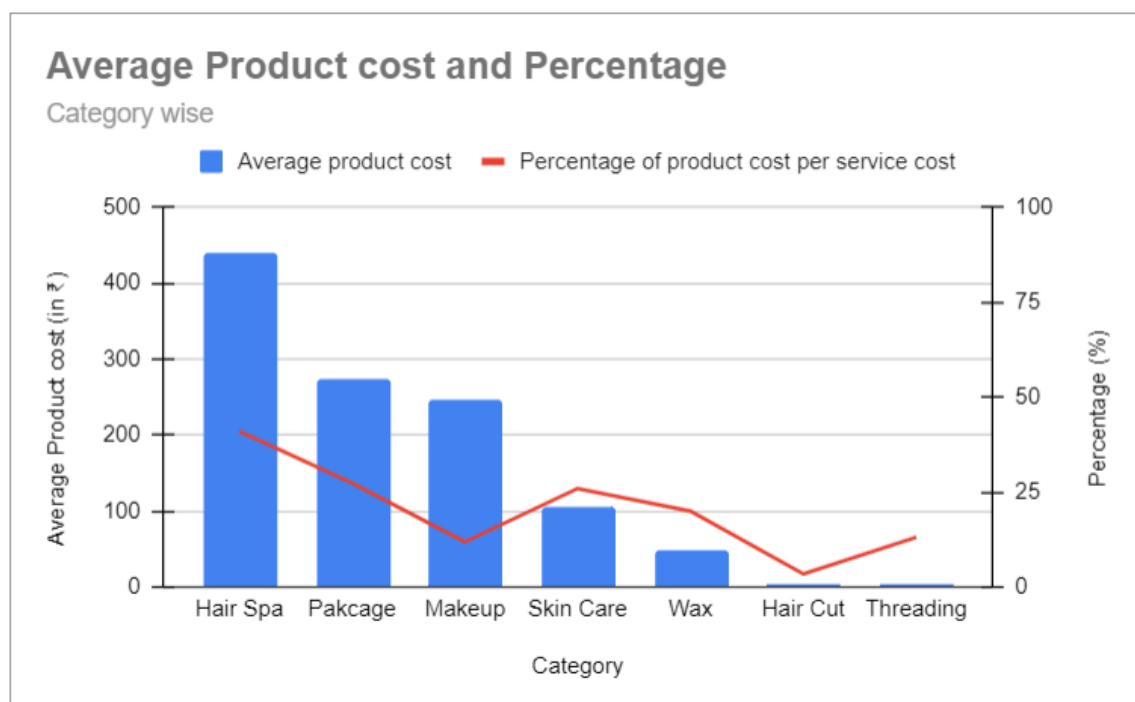


Some findings on revenue distribution on a weekly basis:

- Sunday (Average Revenue: ₹1,896.81) and Saturday (Average Revenue: ₹1,555.69) provide significantly higher average revenues compared to weekdays.
- Tuesday has the lowest average revenue (₹492.60) among all days. Tuesday has the least number of services (40) which indicates low footfall on Tuesdays.
- Wednesday, Thursday, and Friday show consistent revenue levels around the ₹1,200-₹1,300 range, with varying service volumes (88, 99, and 90 services respectively). This represents stable business performance during midweek.
- Weekends despite being the most profitable days but the busiest day is Monday
- Despite Monday generating decent revenue, the average revenue per service for Monday (₹10.18) is the least which suggests potentially lower-priced services. This is because out of 117 services, 52 services are from the Threading category which have average service cost of ₹26.



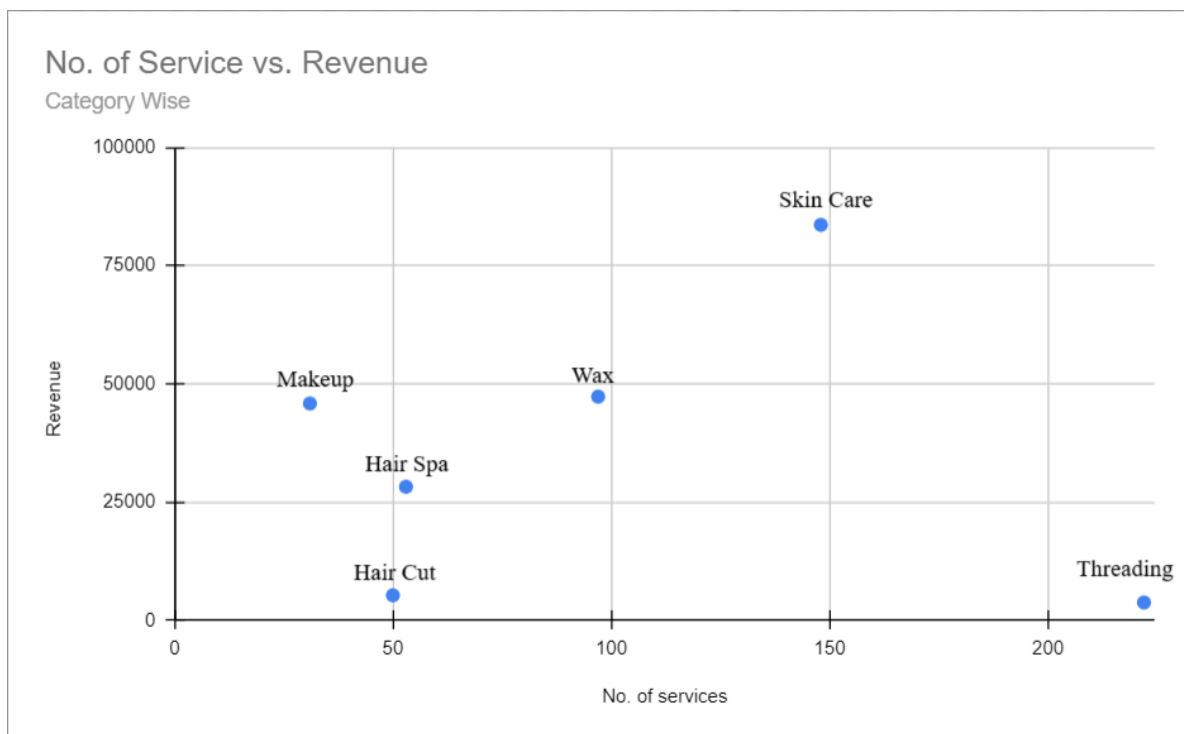
Total Revenue distribution for 6 months is shown in the pie chart above. 23.3% of total revenue which is ₹53,395 is product cost and 8% is fixed expenditure which include cleaning charges and bills. The remaining 68.8% is net profit which indicates how profitable this business is. There is still scope to increase the net profit by increasing the service price in certain categories by properly reviewing service performance and product cost.





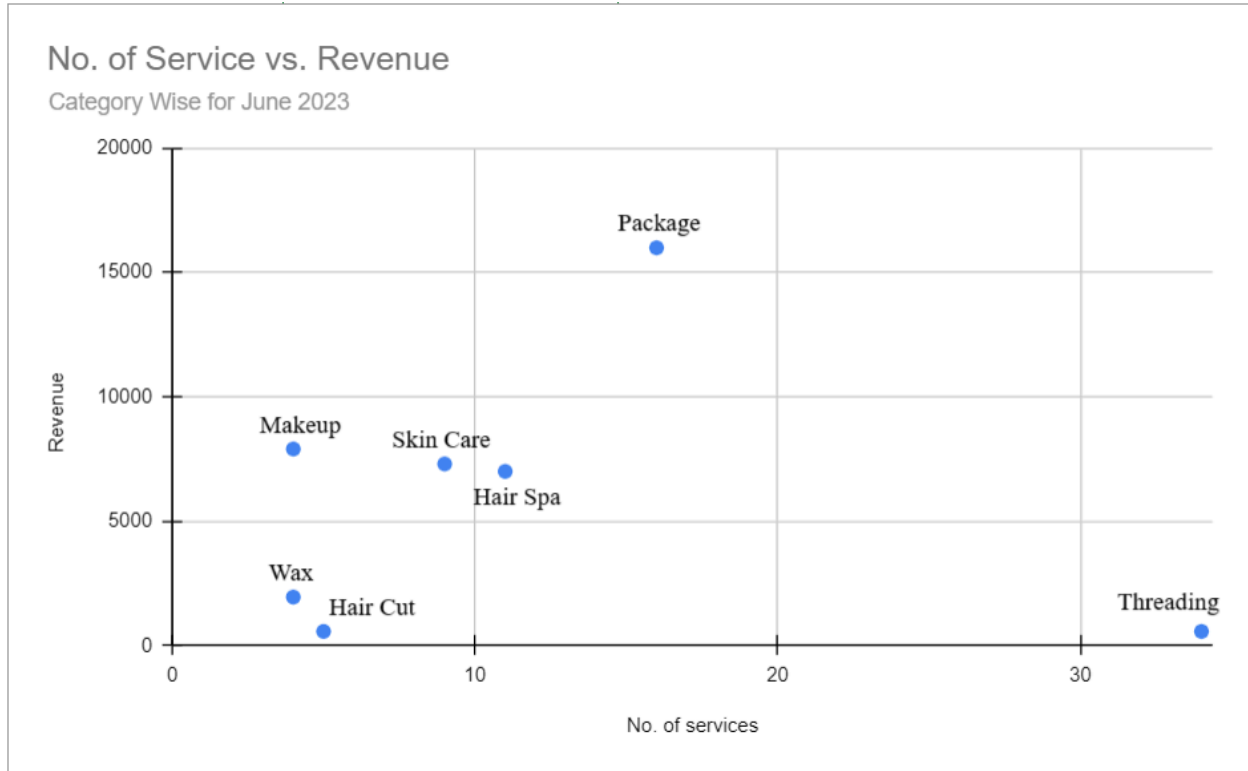
Product cost plays a crucial role in shaping service performance across various dimensions, including quality, customer satisfaction, operational efficiency and overall business success. Higher product costs can contribute to service inefficiencies and wastage, particularly when service costs are elevated due to expensive products. This situation can lead to reduced service performance and fewer service offerings.

- In the case of Hair Spa services, 41.02% of the average service cost (₹1075) is attributed to the product cost. This indicates that a significant portion of the service cost is related to the materials and products. Comparing it to the average product cost of salon revenue which is 23.2%, hair spa is decreasing the profitability of the salon.
- Package having a mixture of services at ₹999 has an average product cost of ₹273 which is 27.32% of service cost.
- The average cost of makeup is ₹246.66, which is just 11.84% of the average cost of services in this category. As a result, the makeup category is a highly profitable one.
- Skin care products cost ₹105, which is 25.91% of the average service cost but knowing the fact that the skincare category is the salon's largest revenue contributor.
- There is an average product cost of ₹48.26 for wax, which is 19% of its average service cost.
- Threading and haircut category have the lowest product costs of approximately ₹4.



Above graph shows the comparison between categories on the basis of revenue generated and number of services offered in 6 months by salon. The graph can be divided into 4 segments:

- 1. High Revenue, High Number of Services:** Skin Care and Wax are perfect examples of this segment where the category is performing exceptionally well with 148 services provided in 6 months generating ₹83,610 in Skin care and 97 services were served to generate ₹47,290 in Wax Category. Here, the revenue generated is high, which indicates that the services offered are not only in demand but are also priced attractively.
- 2. High Revenue, Low Number of Services:** This segment totally justify Makeup Category, the salon is generating high revenue of ₹45,850 despite a relatively low number of services being offered which is just 31 in 6 months. We know that makeup is also a highly profitable category with just 11.84% of service cost is product cost.
- 3. Low Revenue, High Number of Services:** This segment suggests that although the salon is providing a high volume of services, the revenue generated is comparatively low. This includes the Threading category, although revenue generated from this category is just ₹3,775 but this type of services increase the footfall in salon. Threading services are offered 222 times in 6 months.
- 4. Low Revenue, Low Number of Services:** This segment represents a challenging scenario where both revenue and the number of services are relatively low. Hair cut and hair spa services are examples of this segment. Hair cut category with just 50 services offered in 6 months generated only ₹5,290 and Hair spa category generating ₹28,250 in just 53 services seems decent but knowing the fact that this category has highest product cost margin creates problem as services as low as 53 creates product wastage and pull down the profit margins.



Above graph also shows the comparison between categories on the basis of revenue generated and number of services offered in June month by salon. This graph also includes the Summer Offer Package as it was introduced in June only. A few key findings are:

- The package category showed a great response with 16 times service offered generating ₹15,984.
- Threading being the most offered services, offered 34 times in June month generating ₹570.
- Package offers a deal where customers can select 6 services out of 10 services for just ₹999. Out of these 10 services, 6 services are from Skin care category and 2 services are from Wax category which justifies the low performance of these two categories in June.
- Makeup still generated the highest profitability with just 4 times offered generating ₹7,900.
- Haircut category still being a low performer needs improvements as it generated only ₹570 in 5 services.
- Hair Spa performs decently with generating ₹7,000 in 11 services, averaging ₹636.36 per service but knowing average product cost for this category is ₹441 this category needs improvement.

## Category Wise Analysis

As we know details about each category and their performance on the basis of revenue, number of services and profit margins. We will look into each category to find insights on each service.

### 1. Skin Care Category

Total revenue: ₹83,610

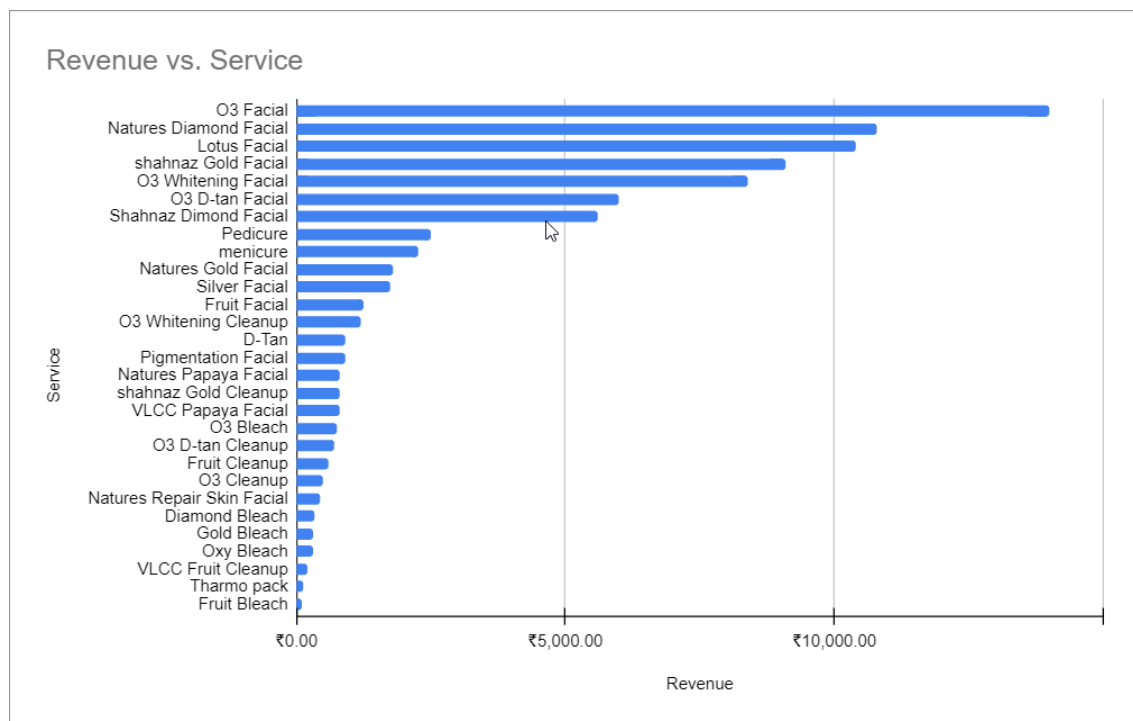
Percentage of Total Revenue: 36.34%

Number of services: 148

Average service cost: ₹408.66

Average product cost: ₹105.88

Profit Margin: 74.09%



Key findings from the Skin care category are:

- O3 Facial being the top performing service generates ₹14,000 which contributes 16.74% of total revenue from the skin care category and 6% of total revenue.
- Natures Diamond Facial, Lotus Facial, Shahnaz Gold Facial, O3 Whitening Facial are the next 4 top performing services with revenue generation of ₹10,800, ₹10,400, ₹9,100 and ₹8,400 respectively.

- These Top 5 services contribute 63% of total revenue from skin care category and 23% of total revenue
- The top 7 services from this category contribute a total of ₹63,400 to total revenue which is 30%.
- 16 services from this category are very underperforming as their revenue couldn't cross ₹1,000 in 6 months individually. All together these services contribute only 3.7% of total revenue.
- Other services from this category are performing decently which helps in revenue and footfall for the salon.

## 2. Wax Category

Total revenue: ₹47,290

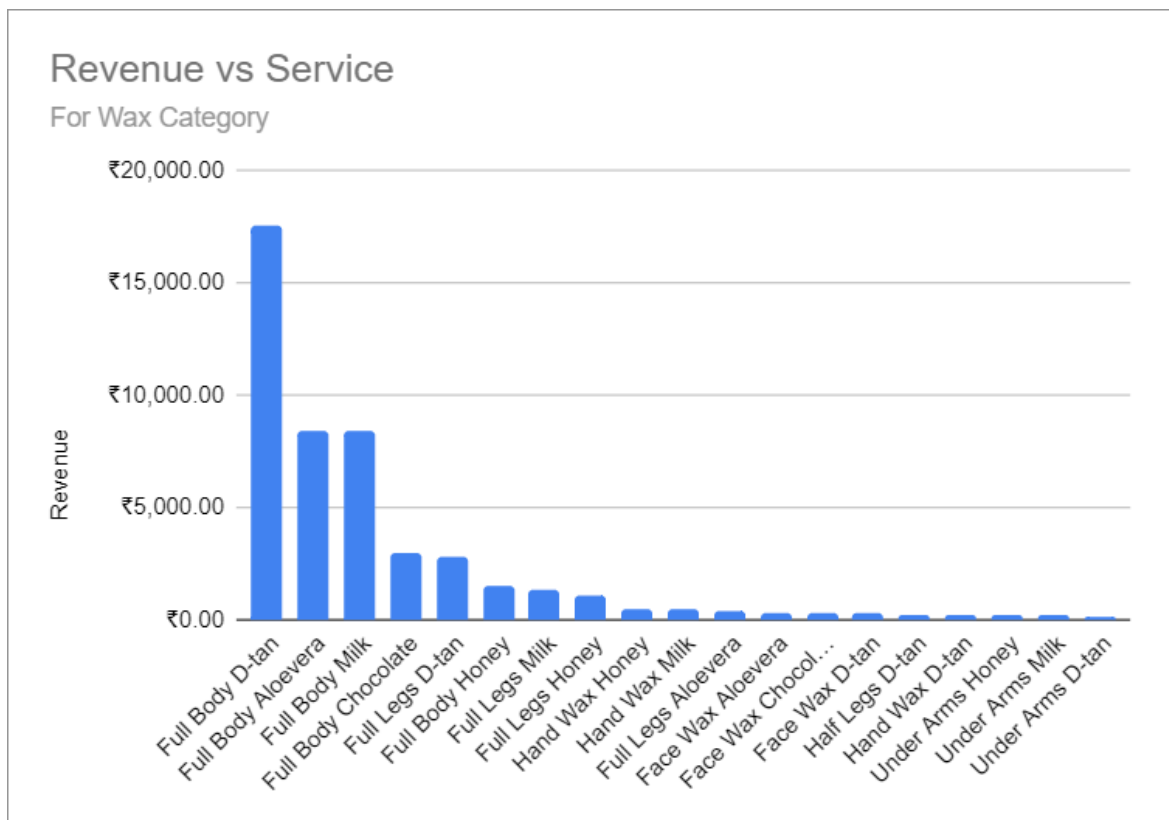
Percentage of Total Revenue: 20.6%

Number of services: 97

Average service cost: ₹241.67

Average product cost: ₹48.27

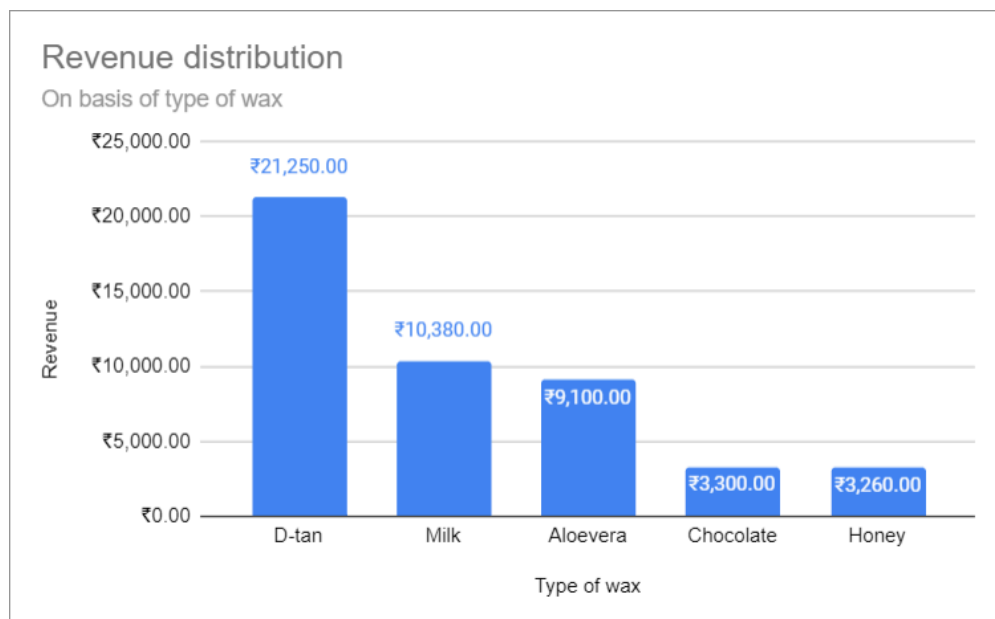
Profit Margin: 80.03%



Top service from this category is Full Body D-tan wax which generates ₹17,600 which contributes 37.2% in total revenue of wax category and 7.6% in total revenue.

This category is a bit different from other categories as services are subsets of each other such as Full body waxing that covers everything including under arm, full legs, full hand and more. Also, the same wax material is used in leg wax, hand wax or face wax.

The main distinction between the services will be based on the type of wax used like D-tan, Honey or Chocolate.



Top performing wax type is D-tan which generates ₹21,250, contributing 9.24% in total revenue. Milk and Aloevera have a decent share in total revenue.

Chocolate and honey being the low performing wax type needs some adjustments to grab customers' preferences.

### 3. Makeup Category

Total revenue: ₹45,850

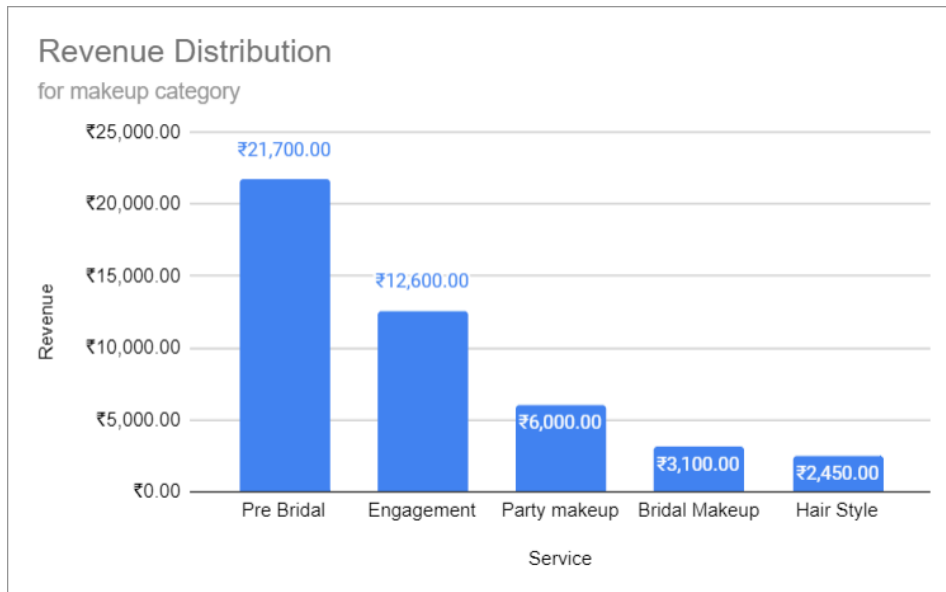
Percentage of Total Revenue: 19.9%

Number of services: 31

Average service cost: ₹2083.33

Average product cost: ₹246.67

Profit Margin: 88.16%



Most offered service in the makeup category is Pre Bridal which contributes 9.42% to total revenue generated and is offered only 7 times. Despite being a premium category with average service cost ₹2083, this category has high profit margins. Low performing services like hair style where this service doesn't have a fixed price, product cost for this service is just around 4% of service cost. Increasing footfall for this category not only uplifts the revenue but also raises the profit margins.

#### 4. Hair Spa Category

Total revenue: ₹28,250

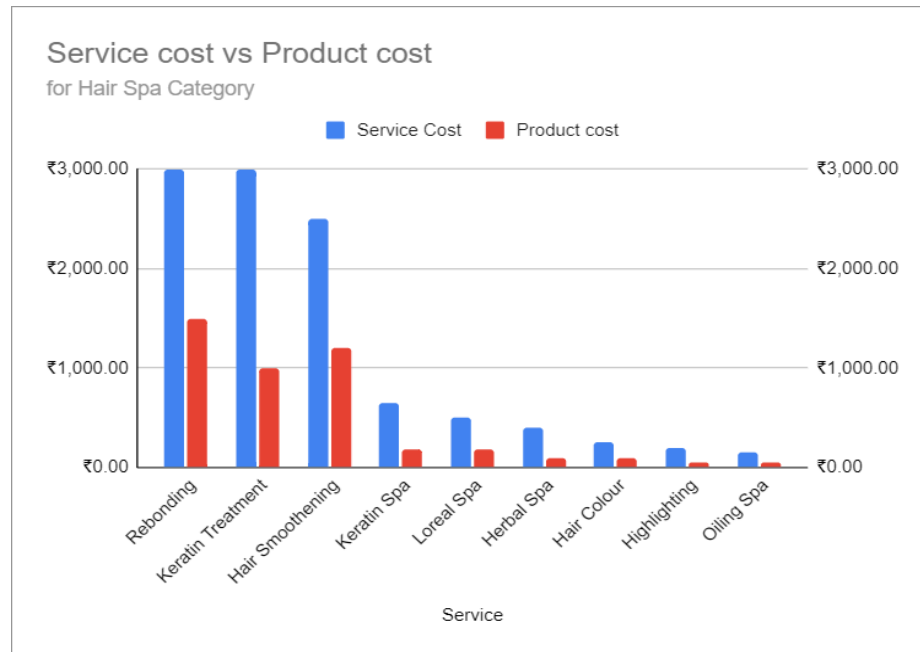
Percentage of Total Revenue: 12.3%

Number of services: 53

Average service cost: ₹1075

Average product cost: ₹441

Profit Margin: 58.98%



Product cost for the services in this category can be as high as 50%-40% like in Rebonding, Keratin treatment and Hair smoothing. Offered only 1 time in 6 months not only decreases profit margins but also creates wastage. Spa like Keratin, herbal and loreal not only have more revenue but have high profit margins.

With a profit margin of 72.3%, keratin Spa generated revenue of ₹6,500 in 10 services.

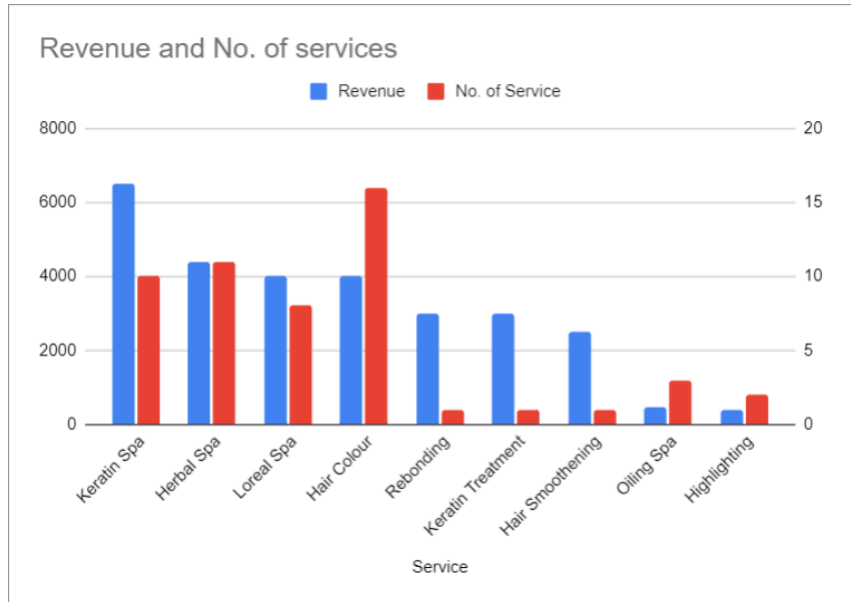
Herbal Spa generated revenue of ₹4,400 in 11 services with a profit margin of 75%.

Loreal Spa generated revenue of ₹4,000 in 8 services with a profit margin of 64%.

Hair colour is the most offered service(16) having a profit margin of 60% and revenue of ₹4,000 can be more promising.

Oiling spa and highlighting generating ₹450 and ₹400 shows the popularity of the service among customers.





## 5. Package Category

Total revenue: ₹15,984

Percentage of Total Revenue: 6.9%

Number of services: 16

Average service cost: ₹999

Average product cost: ₹273

Profit Margin: 72.67%

Package is a huge hit for salons which not only have a high number of offerings but also have high profit margins. Their ability to combine diverse services, enhance profit margins, and attract a wide customer base underscores their importance as a strategic business asset for salons seeking sustainable growth and success.

## 6. Haircut Category

Total revenue: ₹5,290

Percentage of Total Revenue: 2.3%

Number of services: 50

Average service cost: ₹113.08

Average product cost: ₹3.84

Profit Margin: 96.6%

## 7. Threading Category

Total revenue: ₹3,775

Percentage of Total Revenue: 1.6%

Number of services: 222

Average service cost: ₹26

Average product cost: ₹3.4

Profit Margin: 86.92%

## 4. Recommendations

**Based on these insights, the following recommendations have been proposed:**

### **For Skin Care Category:**

- **Focus on Top Performing Services:** Continue to prioritize and promote top-performing services like O3 Facial, Natures Diamond Facial, Lotus Facial, Shahnaz Gold Facial, and O3 Whitening Facial, which collectively contribute significantly to revenue.
- **Revamp Underperforming Services:** Evaluate and potentially eliminate or revamp underperforming services that contribute minimally to revenue (those generating less than ₹1,000 individually) to optimize resource allocation.
- **Promote Popular Services:** Implement targeted marketing campaigns to enhance the visibility of popular services and attract more customers to the skin care category.

### **For Wax Category :**

- **Optimize Wax Type Offerings:** Adjust offerings based on wax type popularity. Invest in promoting high-performing wax types like D-tan, Milk, and Aloe Vera, while refining or eliminating low-performing types such as Chocolate and Honey.
- **Highlight Signature Services:** Emphasize and market signature services like Full Body D-tan Wax which contributes significantly to overall revenue in this category.

### **For Makeup Category:**

- **Increase Service Variety:** Expand service offerings within the makeup category to attract more customers. Consider introducing new makeup services to diversify revenue streams.
- **Promotional Strategies:** Develop targeted promotions or packages to drive footfall for premium services like Pre Bridal Makeup and Hair Styling to maximize revenue and profit margins.

### **For Hair Spa Category:**

- **Optimize Product Cost:** Review services with high product costs (e.g., Rebonding, Keratin Treatment) offered infrequently. Consider adjusting pricing or promotional strategies to increase utilization and minimize wastage.
- **Focus on High-Margin Spa Services:** Promote high-margin spa services like Keratin, Herbal, and Loreal Spa to capitalize on their revenue potential and profitability.

### **For Package Category:**

- **Package Innovation:** Introduce new and attractive packages to capitalize on the popularity of package offerings. Experiment with different combinations of services to appeal to customer preferences and enhance revenue. Experimenting with different packages can boost opportunities for mid-performing services by attracting customers with unique offers.

### **For Threading Category:**

- **Pricing Strategy:** Consider a slight price increase for threading services to improve profit margins without significantly impacting demand.
- **Promotion and Upselling:** Implement strategies to upsell threading services or bundle them with other offerings to increase average transaction value and overall revenue.

### **General Recommendations:**

- **Customer Engagement:** Enhance customer engagement through loyalty programs, personalized promotions, and excellent service experiences to increase customer retention and referrals.
- **Continuous Evaluation:** Continuously monitor and analyze service performance metrics to identify trends, opportunities, and areas for improvement across all categories.
- **Staff Training:** Invest in staff training to ensure high-quality service delivery, customer satisfaction, and upselling techniques.
- **Marketing and Advertising:** Develop targeted marketing campaigns to raise awareness of key services, promotions, and packages to attract new customers and retain existing ones.
- **Introduce Special Day Offers:** Implement targeted promotions and packages on low footfall days (e.g., Tuesdays) to stimulate customer traffic and increase sales. This can include exclusive discounts or bundled services to increase visits during off-peak days.

By implementing these strategic recommendations based on the detailed analysis, the salon can optimize its service offerings, enhance revenue generation, and drive sustainable growth. Regularly assessing performance metrics and adapting strategies based on customer feedback and market trends will be key to achieving long-term success and profitability.

Sales data and service list with product cost is provided below in pdf form:

Sales data:  Trim with Glow Salon - Daily service data.pdf

Service list:  Trim with Glow Salon - service Details.pdf

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