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# Concerns when Creating a New Spa Business

I would like to share some of the challenges I have encountered over the last couple of years while working with individuals who are building either spas and/or salons. Hopefully, this article will assist others with their projects. When I initially start a project I assess and identify exactly what the individual requires from me in order to have a holistic view of the entire project and who they expect me to work with. Once the project is complete I then analyze and assess where and what were the challenges and then make notations on the individual projects to find solutions to any challenges that occurred for any future projects.

I have categorized specific areas of concerns and identified the common challenges that may be helpful to individuals who are contemplating building or renovating their spa and/or salon businesses.

The business plan and market feasibility study is where I find a lot of individuals do not do their due diligence as they feel this is not very important; especially individuals who have access to a lot of money. They get so excited about the physical aspects of the facility/business which include the

design, picking the furniture and equipment and figuring out what services/treatments they want to offer the guests that they forget the business side of their investment. When I ask what the budget is they say they have it all under control and then when we run into budget challenges they do not have the money for the marketing part of their business or they chintz on hiring excellent staff as they feel they cannot afford it. Well, without staff you have no business..... remember this is a people business and you require excellent staff and orientation training to offer excellent customer service to your guests/clients.

Some examples of major challenges with the initial business plan include a client who had the accountant do a beautiful business plan in a lovely bound folder; however there was no quote from the contractor and the architectural plans were not complete nor had the equipment been priced out. Another client had some big firm do a business plan which made no sense whatever. A different client required a market feasibility study for the bank and the information was so outdated that it was not even relevant anymore. My question, how do you as a business

person invest so much money without having the fundamental information required to see if it is a viable business and what your return on such an investment will bring?

The next major challenge seems to be with the structural design of the facility. I have had major disagreements with architects on basic elements of design when it comes to the concept. The owner is paying their lease which is x amount of dollars per square foot- so I assume we want to make sure every square foot is revenue generating. The reception area is always a major challenge especially when it comes to the retail area. The design of the retail area and elements of lighting are crucial to ensuring that the retail products are displayed to entice clients to want to purchase them. I recommend that the architect and design team check out Sephora, Holt Renfrew, Murale or Shoppers Drugstore for the incredible displays and lighting which they have used in their beauty product areas to get ideas. We have incredible architectural teams within our own industry through specific manufactures' and distributors which are there to assist new and seasoned business owners.

I find it quite fascinating that a lot of architectural firms and designers (that are not in the industry) have this arrogant demeanor that they know more than anyone in the industry. I have seen literally

hundreds of thousands of dollars wasted on design- crazy concepts- extravagant lighting- high end flooring that had to be replaced-to name a few!



Some examples of major challenges with the design are hairstyling hydraulics not having enough space for the stylist to work, reception areas that are either too large or too small. In order to “show” the products for retail; you do need to see them so the location of the retail area/areas and where the displays are positioned in regard to guest/client traffic is very important. Some concerns when creating the design for the retail area would include:

- ✓ **What** are the displays made of, how are they designed- height, depth and width of displays
- ✓ **What** lighting features are being used and where is the lighting positioned
- ✓ **How** easily accessible are the products for the client to touch, feel and smell
- ✓ **Are** there testers for skin care

- and makeup and how have the displays been designed for them
- ✓ **How** is the ambiance and feeling of being welcomed been successfully integrated into the design
  - ✓ **What** are the current fashion/design trends for the reception area, keeping in mind this is an “image business” and fashion/beauty play an extremely important role
  - ✓ **Keeping** abreast of the current fashion trends with design allows the guest/client to feel that the salon/spa are current with trend, services, treatments and products

Some examples of major challenges with the design of the reception and retail areas include poorly light display cases that are big/bulky. It was such a shock to me when I actually seen the displays and the poor lighting as I was so clear with the architect on having slim display cases with recessed lights. The design and construction looked like some neighbor had designed and built them (not the professional-high-priced architect whom had been hired) and you could not see the product ( poor lighting) - you had to squint.

Another challenge with the displays was that they were right to the floor and had product displayed; remember eye level for product is very important. Clients/guests are

not going to bend down to look at a product and most staff do not dust those low shelves. Challenges with the reception desk area include either too big or bulky or too small with not enough room for the computer and no area to have clients/guests feel comfortable when checking in or paying for services/treatments or just simply purchasing retail items. Astonishing enough some forget to include a closet to hang garments or to leave footwear especially during the winter time which is essential in Canada. The lockers in the change room are not usually big enough for outer wear.

I also suggest hiring a window dresser to assist in displaying the retail products and please do not make home-made hand written signs and stick them on the glass displays.



Another challenging area is the actual purchase of equipment for spas/salons. Depending upon the common sense and the experience of the spa and/or salon owner they can really be taken advantage of.



Sad to say it can be some of the following individuals who take advantage of them: the consultant, the manager, and/or the salesperson of the firm they are purchasing from. I have been contacted by spa directors who have been hired to find staff and set up the spa and they have noticed they have all kinds of spa equipment they do not even require or have room for in the facility; was purchased.



Although the architect had all the specifications for the pedicure chairs and back washes or shampoo chairs- they did not fit! With all the challenges with pedicures and infection control- why would the client not look at the numerous pipe less pedicure chairs/stations; instead they want their architect to design them and then when that does not work they order the chairs/stations and have paid double. That does not make a lot of sense to me!!! Remember you get quality if you pay for it and you also get incredible support from the dealer or manufacturer if you choose who you purchase from very wisely.

Why would you purchase a laser, microdermabrasion or cellulite machines when you can lease them and then update them as we know technology changes so fast? I have seen so many broken machines that do not work and are obsolete. Check with your accountant on major purchases.

Some factors that you may want to consider before deciding whether to lease or buy include; the economic value of the equipment, the availability of capital, the flexibility of payment terms and the potential tax benefits. When making the lease vs. buy decision, you need to think about the life span of your equipment. Your guest/clients, no matter how loyal, aren't going to come to your facility if your equipment is outdated. They're paying top dollar for treatments, and they want results. That means you need the latest technology. This is where leasing may be a valuable option.

As a general rule, you should lease equipment that will depreciate quickly. Lasers, IPL, cellulite reduction and microdermabrasion machines are candidates for this option. Because their value at the end of the term is going to be low, you want to use these machines while they have a justifiable economic value, then move on to a newer technology. With leasing, you also can finance the associated equipment acquisition costs, such as

delivery charges, installation costs, taxes and additional training. Leasing also offers the lowest startup costs. Usually you only need one monthly lease payment to start a lease. In the end, it comes down to cash flow management. If your cash is limited, you need to protect it.

The challenge with staffing seems to be an on-going issue in today's marketplace. High staff turn-over does not appeal to guests/clients as they want the consistency of connecting with a specific service provider so that they feel comfortable and can trust they will receive consistency in their services/treatments. There seems to be a real challenge with new staff not feeling they have had the complete orientation and training to feel comfortable with the day-to-day operations, and services and treatments.

Then we come to the area of marketing; and always remember-everything you do is marketing! A beautiful facility, with excellent staff, high quality products, signature services and treatments, a fantastic service menu/brochure and an amazing Grand opening coupled with a full year marketing plan is what is required. Some of the challenges I have encountered have been menus/brochures that are tacky as the client did not want to spend any more money; forget the Grand Opening-they just thought because they had a beautiful spa/salon the clients/guests would

just walk in. NOT SO!!

Just some insights I have shared to allow you the business person to ponder as you create your dream/vision. Hopefully I have given you some food for thought....Good Luck!! ■

