

This worksheet supports the podcast at <http://beautybusinesspodcast.com/5-ways-more-beauty-salon-profit> go here for more detail . . .

The 5 Ways to Grow Your Beauty Salon

The Worksheet . . .

You will need to check out Episode 9 of The Beauty Business Podcast to work through these tables. You can check it out via the webpage above or search for Beauty Business Podcast on iTunes, Stitcher or Soundcloud.

Table 1 - The Salon Business Details

A Typical Salon	Year Ending March 31st
Turnover [Sales - (Discounts & Tax)]	£180,000
Wage Costs (including commissions)	£83,000
Product Costs	£18,000
Fixed Costs	£48,000

Profit	£31,000
Number of active clients at start of year	2100
Number of new clients gained within the year	250
Acquisition Rate	12%
Number of existing clients lost within the year	130
Defection Rate	6%
Number of active clients at the end of the year	2220
Average number of transaction per client (<i>each year</i>)	2.2
Number of transactions in the year (2220 x 2.2)	4,884
Average Transaction Value (£180,000 / 4844)	£36.86

Compare the above with your salon or beauty business to make them more relevant . . .

Table 1 - The Changes and Effect on Profits

The Change	Action Taken	The Result	Increased Profit	% Profit Increase (from £31,000)
Client acquisition rate moves from 12% to 15%	Increased Marketing efforts	Salon gains an additional 63 clients	£2,603	8%
Client defection/ loss rate moves from 6% to 4%	Additional customer care systems put in place	Salon retains 42 clients they would have otherwise lost	£2,281	7%
Transactions per client moves from 2.2 to 2.6	More pro-active scheduling put in place plus additional marketing to existing clients	Clients visit more often, but additional staff needed to accommodate additional demand	£4,260	14%
Improvement in average transaction value from £36.86 to £38.70	Retail sales training for staff and packaging treatments to encourage multi-treatments per visit	An extra £1.84 per transaction (but product costs increased to achieve this)	£2,496	8%
Price increase of 5% to take average transaction value from £36.86 to £38.70	Simply increased prices by an average of 5% - new price lists	An extra £1.84 per transaction.	£8,611	28%

What were your salon profits last year? *(or even last month)*

Write your answer here

What difference would it make to you if your profits increased by 28%?

Write your answer here