

The Complete Guide to Open a Successful Salon

A New Salon Owner's Ultimate Business Plan.



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Introduction

The emergence and growth of the spa and beauty salon industry in India have been unprecedented. With the industry set to reach \$190 billion by 2024, there are no signs of slowing down at the moment.

If you are an entrepreneurial-minded person, opening a salon or spa is a smart business option. Whether you're new to the beauty business or have spent a few years of your life working as a hairdresser and perfecting your skills, starting a salon is definitely not a cakewalk.

To make the process less daunting, it's always better to have experience as a hairdresser which goes hand-in-hand with a passion for the business.

In order to make your hair salon business a steady and profitable one, you need a strong business plan and preparation. It serves as a working document that you can refer to during the initial stages and day-to-day running of your business.

While the entire process takes long hours, hard work, and research, when done right, the fruits of labor will be sweet.

If you're someone passionate about the beauty business and are planning to open your very own hair salon, this guide will give you the details you need to get started.

The guide breaks down all the different considerations you need to focus on. From the economics of opening a salon to developing a steady client base, here's how you can create a rock-solid business plan.


Create a Salon Business Plan

Writing a business plan should be your first step when starting your salon or spa business. While it provides a clear objective, it also acts like a roadmap that will guide your business to success.

It's important to have a plan in place for how you're going to earn money, what type of customers you want to attract, how you will manage your finances and day-to-day operations.

Business planning does not have to be a long-drawn process. It's quite natural for a budding business owner to have put together a lot of information mentally or scribbled on pieces of paper.

The whole point of a written business plan is to figure what your business is, how successful will it be and how you plan to troubleshoot problems.

 Every well-rounded business plan should include customer segments, acquisition channels, supplier plans, revenue streams, cost structure, and key resources.

It's a lot more than simply designing your salon and getting people in the chair.

Goal setting is also an important part of every business plan. It's best to list five to seven attainable goals and the milestones to achieve each goal.

Some questions to ask yourself when drafting your business plan:

- What services do I want my salon to offer?
- What type of clientele do I want to reach out to?
- In what way do I want my salon to stand out from my competitors?

Diving into the Numbers (Financial Plan)

Once you have your qualitative objectives and quantitative goals written down in your business plan, it's time to start diving into the numbers.

Finances are top of mind when you open a salon. When you have a fair idea of what type of salon you want to start, you'll need to get set with your finances.

While your budget can vary widely depending on your size and location, you need to be clear in your mind about where's the money coming from.

Whether you plan to bootstrap your start-up, get a bank loan, or team up with investors, describing your financial plan early in the lifecycle of your business will ensure you embark on a path of profitability.



Even before deciding the funding route, you would like to take, identify how much of your own capital you have to invest in your business.

The more you have, typically the more likely it is that you will get the loan with a great interest rate.

A little bit of planning can help you shake off those hesitations. Establish your salon costs, forecast your revenue potential, estimated profit margins, and the amount of time necessary for your salon to break even.

Your financial plan must include your fixed costs as well as your variable costs.

Did You Know?



A well-crafted business plan is essential if you want to acquire funding from an outside source.

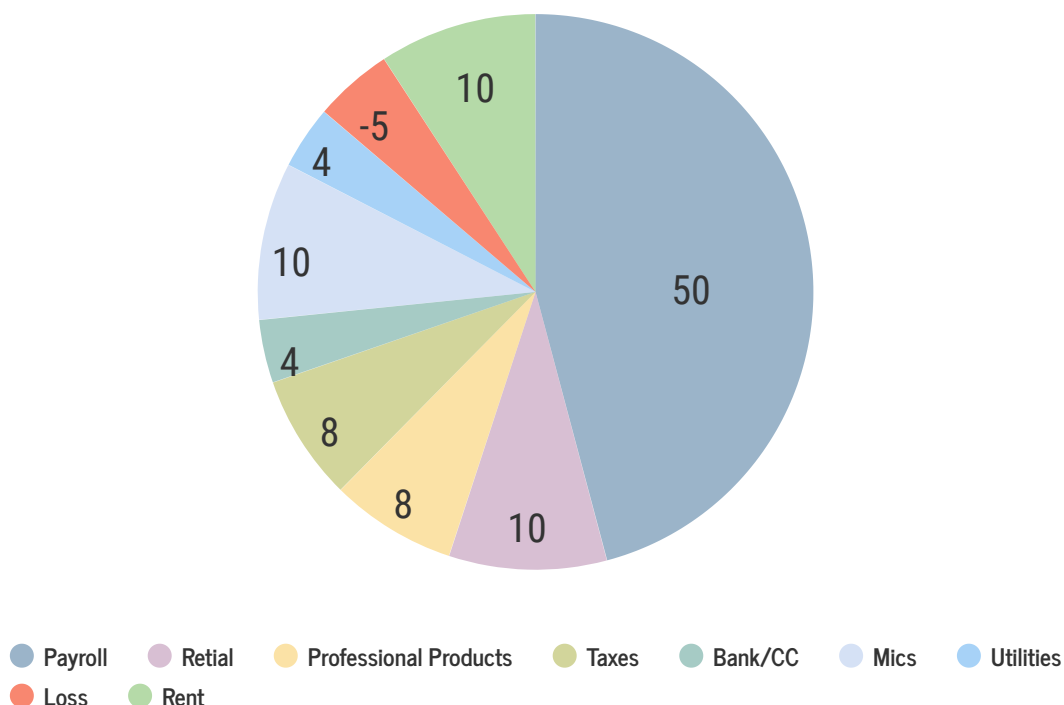
Insurance, rent, utilities and equipment make up the fixed costs while money spent on labour, product supplies, advertising and marketing make up the variable costs.

By creating a budget plan, you will be able to keep track of your business without overspending.



Fixed costs are your salon's expenses that don't change with sales volume while variable costs are easier to manipulate and are likely to change with sales.

According to a research, 90% of the Salons make 5% loss



Get your Licenses and Insurance

Numerous permits are required before opening a salon. Depending on where you plan to set up shop, you will need to obtain a business permit and various other legal documents

It's best to check with your local government or consult with a business attorney in your area to understand the exact requirements.

While a business operation license is a must, you will also need a license to sell retail, a building permit, a certificate of occupancy, a fire department permit, and an alcohol license in case you plan to set up a bar in your salon.

In addition, your salon will need to comply with the government's sanitation, electricity and fire codes. Never take local laws and regulations lightly.

At every stage of your business, ensure that you are complying with state laws and regulations.

4 Steps to Obtain a business license

Before you open up a business, it's helpful to research the business license requirements for your state, city and county.

Your application must include any necessary business license requirements.

Once you've gone through the licensing process, you'll receive your business license and will be able to legally operate in your area.

If your license expires, you're subject to the regulations of your state, city or county.

If any adjustments have to be made, do so early so that you can avoid potentially having to stop your operation later or pay a fine.

Most often, you will need to schedule an appointment for a government representative to visit your facility to verify that it meets the requirements set forth by the state with regard to salons.

Only when you have proper licensing, you can run your business in peace.

Besides obtaining important licenses, insuring your salon is equally important.

It's ideal to contact an insurance broker to discuss what your insurance needs are as a salon owner.

Remember, your salon will need to be protected from damage, theft, and potential liability at all times.



List of Insurance Salon Owners Need



General Liability Insurance



Commercial Property Insurance



Business Owner's Policy



Professional Liability Insurance



Workers Compensation Insurance



Business Income Insurance

Find your Niche Market

With salons and spas mushrooming in every nook and corner, it's vital for a new salon owner to find a way to make his/her salon stand out.



Entering into the market with a specialty or service niche can dramatically increase buzz around your opening.

Many of your business decisions will depend on what type of customers you plan on serving.

Think about what makes your salon unique. Is it the services you offer or your customised experiences?

Whatever it may be, try to make it a focal point of your identity and use it to grow your business and find your niche market.





Finding a niche market provides you with more security against failure and gives you a chance to identify what works well for your business.

Even if you do intend to offer many services, promoting a niche or specialty service will help you attract a very loyal client base and instantly lend more credibility to your salon as you will be viewed as an expert in your niche space.

Finding the niche for your salon is influenced by a variety of things which include:

- The location of your salon (national or local)
- The audience you are targeting (specific age or interest)
- Customer demographics (age, gender, income level, purchasing power)
- The price points of your services (high-end, budget-friendly)

Hunt for the Right Location & Hire Staff

The location of your business has a lot to do with your results – the type of clientele you attract and your overall bottom line.

Whether you buy a building or rent a retail space, your location will be one of the biggest expenses of opening a salon.

While it should be in a well-populated area, it should also be easily accessible by car or public transportation.

A major part of choosing a salon location is to make sure it is centrally located.

You should also make sure you are far enough from competitors offering the same services as you.

Make sure to get a spot where your target demographic resides and where you'll get good visibility.

You need to know everything about the area before selecting a location.

If the location is difficult to get to or there's no parking available, your salon bottom line can be affected.



If your salon aims at targeting an affluent clientele, then your location should be in a downtown area or upscale shopping district.

Just as it's important to hold out for the right space, the right staff can make or break your business.



The people you bring are going to set the tone for what your salon's reputation will be.

Experts suggest that keeping your target customers in mind through hiring practices will help you create the best team.

While having the desired skill and talent is a must, your team must also be personable and friendly so that they can converse with your clientele all through the experience.

It's also important to outline a career path for your team.

The various roles of salon personnel you will need to fill seats for include a manager, hairstylist, receptionist and aesthetician and massage therapist.

Salon Location Checklist



Rent



Space



Condition of the Building



Access



Access for the disabled



Images and History of the Location



Competitor business nearby



The location's development plans



Location specific regulations



Utilities and other Costs

Hire a Designer

The way your space looks has a lot to do with the kind of clientele that you will be successful in attracting.

If you're a mid-range salon, go for a quirky, fun vibe while high-end ones should go for a modern and sophisticated look.



A survey suggests that a millennial client looks for functionality, quality and aesthetics while selecting a salon or spa.

To a client, visiting a salon is an experience altogether. They drop by to unwind from the stresses of contemporary life.

Thus, it's important to make your space cheerful yet relaxed.

If you have the financial means, hiring a designer can help you create an appealing and functional workspace.

If there's a particular image you want to project, they can even help you bring your vision to life.

Working with a designer or space planner ensures you are maximizing your revenue potential for the space.

Hiring a designer can also help you understand the dimensions of each area.

This will definitely make it easier for you to shop for salon equipment and furniture and plan the décor to resonate with your ideal clientele.

Talk to Distributors

Congratulations! You've found the salon of your dreams and are now ready to shift your focus from finding the right location to the in-store happenings.

If you've decided on a particular layout, the next step is to decide what hair, beauty, or nail equipment you'll need stylist tools and furniture, and product inventory.

It's a major expense as part of opening a new beauty salon and must be in place before the launch day.

This process can be quite overwhelming as there's so much to do.



Whether it's obtaining product supplies or getting different stations ready, you will need to contact a local or national distributor.

Once you begin the distributor search, remember to shop carefully and consider different prospects.

Analyze price points and see the kind of after-sales support every dealer is offering.

Buy Salon Equipment & Furniture

What you buy for your salon will depend on the type of services you plan to offer.

The equipment you purchase must offer maximum comfort to the client and of course, serve the purpose for the treatment.



Furniture in the form of salon chairs, nail stations, mirrors, shampooing units and reception desks are all important items necessary when opening a salon.

It's important to create an inviting reception area, have waiting area chairs and couches and a retail space in case you want to sell any products.

Besides this, you will need complete equipment for each service station.

If you offer treatments that require clients to lay down, beauty beds and massage tables are a must.

Shampoo bowls are also required which should be installed with the services of a plumber.

In addition, hair dryers, styling tools and laundering equipment to clean linen are some of the other basics that you'll need to get started.

You also need to have a storage/employee area. Here, basic furnishings such as tables, chairs and office supplies will suffice.


Purchase Salon Supplies

Compiling a product supply checklist is necessary before you open a salon.

This will enable you to stay organized, keep a budget in place or not over order or forget anything.

Here again, the type of supplies you need completely depend on the kind of services you intend to offer.

The possibilities are endless when it comes to supplies based on your services. However, you'll need to keep some essential items on hand.

 To start off with, purchase shampoos, conditioners, towels, drapes, styling products, combs, brushes, curling irons, mixing bowls, bleaches, hair dyes, frosting caps, hair gels and hair sprays.

While these are the basics, you will also need a supply trolley to hold rollers, rods and nail and body products.

Inventory management is an important aspect of managing product supplies in your salon.

Don't let the volume overwhelm you.

Sooner or later, you will get used to calling for additional product as and when you seem to be falling short of any supply.

Invest in Salon Management Software

Halfway through running a salon business, many owners find the process quite overwhelming.

They easily become intimidated and wonder if they can cope with running a business. It's quite normal for such thoughts to plague a salon owner.

Successful salon owners are no longer scribbling down appointments and inventory checks with pen and paper.

Instead, they opt for salon management software. The numerous benefits of salon software make it an invaluable addition.

Will it be worthwhile for your salon to invest in software?



It helps with business management, scheduling appointments, automated marketing, online billing, client management, inventory management and customer feedback management.

Besides this, software also reminds you of your goals and priorities and keeps track of your targets and strategies.

There are many other benefits of purchasing salon software, and you'll experience all of them rapidly once you decide to take the plunge.

7 Benefits of Using a Salon Software



If you're in a quandary about whether to invest in salon booking software or not, you should now.

It's worth it in the long run, and your clients and vendors will thank you for it.

Beyond taking appointments, the software has a lot more potential.

Market your Salon

Once you have your business plan taken care of, your salon insured and your location set, it's time to get some customers.

If you've spent few years as a hairdresser, start by tapping your old clients and letting them know you've started your own salon.

In addition to bringing old clients over, it's important to find ways to bring in new clients and retain them.



In addition to bringing old clients over, it's important to find ways to bring in new clients and retain them.

If you have any clients who choose to move with you, encourage them to refer their friends and family.

In this era, creating a website and communicating through social media for marketing works. There's a lot you can do with Facebook and Instagram.

While these two are potent ways to bring clients through your door, you can also use the age-old way of word-of-mouth advertising.

It's an effective way to grow your brand name. Encourage loyalty programs, sharing programs and reward programs to bring in more clients.

If you're no marketing genius, you can also hire a specialist. However, that comes at an added cost.

Therefore, even before executing a marketing plan, it's important to initiate a marketing budget.

Initiate a Marketing Budget

To be successful, you need clients, and to attract clients, you need a solid marketing plan.

Early in the lifecycle of your business, allocate a certain budget that can be used for marketing in the later stages.

Without it, you'll struggle to be able to really execute a marketing strategy.

Even before chalking out a marketing budget, it's important to outline your target audience and market demographic.

You must be able to explain how your salon will compete with other salons in close proximity.

After you've listed your ideal clientele, explain how your marketing plan will appeal to that audience.



Local advertising, local outreach, social media and lead generation websites that offer valuable content make for a great starting point.

If you see clients through your door regularly that means your marketing efforts are working.

Create a Website

For starters, you need a good website.

Your site should be attractive, easy to navigate, must offer a booking link and ideally include all information that will be helpful to your customers such as hours, contact information, pricing and location.

When designing your website, it's important to turn to your brand vision and make sure it resonates in every corner of your page.



Remember, your site is an extension of your brand, so it should be cohesive and match the image you want to portray to your potential customers.

If you cannot hire a professional to create a website, there are plenty of DIY platforms out there that can help you create a killer site.

01.

Get found on Google when people search for services in your area

02.

Reach more customers: most customers want to book online, so having a place to do that will attract more customers and save you lots of time

03.

Create trust with customers: showcase your portfolio and share your story on your website to create a personal connection and increase trust with your clients

Setup Social Media Accounts

Social media should be an important component of your marketing plan.

It's an affordable and effective method to get your brand out there to the public.



Make the most of Facebook, Instagram, Twitter and Pinterest to reach your target market.

While it's a good idea to setup accounts on a variety of platforms, make sure your target market uses them.

Think if you have the bandwidth to post content on multiple platforms before you commit.

If you're a new salon owner unaware about social media platforms, we would suggest Instagram is a great place to begin as it lends itself well to a visual business.

Start by getting a sense of what hashtags are popular within your niche and create a content strategy.

With social media handles, it is important to remember not to spam your customers.

Create a strategy that will urge your customers to stay and encourage them to tag your salon on every visit.

Develop a Solid Client Base

As a salon owner, you must place your clients and their experience at the top of your priority list.

This will encourage repeat customers which, over time, will form a reliable customer base.

Only when you keep your clients happy, will you be in a position to encourage them to get the word out.

If you are not getting enough clients, chances are you need to switch up your promotion tactics and take it up-a-notch.

The #1 factor to succeed with a salon business is to have a well-established client base.

A lot of talented hair stylists and nail technicians shy away from starting a salon as they believe they won't be able to build a clientele swiftly.

How long does it take to build a salon clientele?

It takes around 12 months to build a profitable salon clientele and 24 months until you have your ideal client base. However, with the right marketing efforts, you can reduce the time to 6 months.

There are various other factors too that affect how quickly you are able to create a client base such as the kind of salon you have, where it is located and how smart your marketing activities are.

Once you have a definite goal in mind, you need to keep trying till you build a steady client base.

The rule is to never give up.

As you start out, try to gather feedback from your clients about what they like and don't like about your salon.

Make certain changes in your business plan that will help you meet your client's needs and show them that you value and act on their input.

Tips to Develop a Solid Client Base



Build your brand



Increase your
Visibility



Provide Amazing
Offers



Manage Online
Reviews properly



Use a Salon
Software

Provide Excellent Customer Service

After you've created an environment that your clients will love, it's your duty to offer them top-notch customer service.

You need to make sure you give them a reason that will compel them to stay.



Your goal should be to convert every walk-in customer into a loyal customer. The overall experience what you offer your client is what keeps them coming back.

Driving salon sales is based on memorable impressions your stylists make on customers during interactions that influences the potential for return visits.

You must consider your customer service strategy early in the business. It's important to hire for emotional intelligence rather than just skill set.

There are many ways to create an exceptional client experience including sending out appointment reminders, greeting them with a smile, handing out beverage menus, personalizing client consultations, handing out mini product samples and so on.

Remember, salon days are pampering breaks for patrons. Thus, it's your duty to make it memorable by offering little extras.


Adding value beyond standard services is what makes a great experience for your existing as well as new clients.

Scale Carefully

As mentioned earlier, opening a new salon can be an extremely overwhelming experience.

When you first open your doors, it's quite natural that you may have splurged on a few things you thought you needed, but in reality you don't.

Every business owner has a grand vision for how they want their salon to look, operate and feel. However, this vision comes at a big price tag.

 Now that you have your business established, review your inventory and see if you can make any changes or cuts to save money. Take a look at your monthly expenses too.

Maybe you can cut the amount of product you're buying each month for the initial days till you establish a solid client base.

You wouldn't want to simply throw away the products when they reach closer to their expiry dates.

There are major start-up costs you will need to incur in the first year at least.

Thus, as a salon owner, you must constantly devise ways to make your salon inviting without breaking the bank.

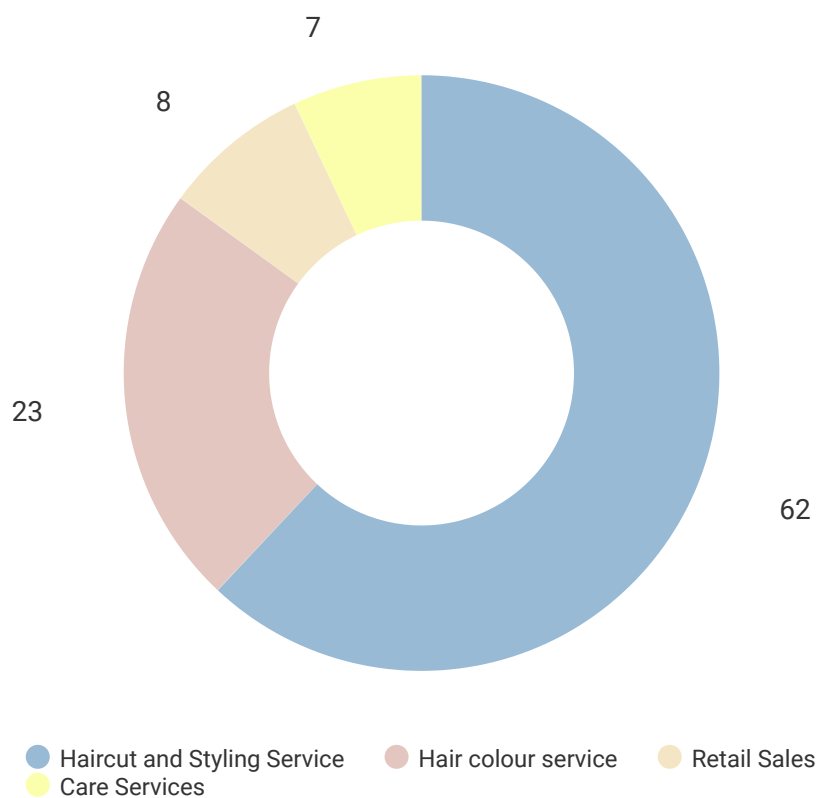
Even if you find yourself coming in under budget and are tempted to splurge on high-end equipment, we would recommend you curb yourself as there many other hidden costs where you will have to put your money.

Don't do everything in one go; instead scale your salon carefully.

The excitement of opening a salon can tempt you to do a lot of things to ensure you're the very best in the business.

Only when you look for ways to save on overhead can you establish a sought-after and successful salon.

Salon Revenue - Split up



Conclusion

There you have it, everything you need to know about writing and executing a business plan for your new salon venture.

Opening a salon is a bold endeavor.

As with any new venture, it's important to plan as much as you can and be willing to adapt to learn what works best for your business.

The key takeaway here - A business plan for your salon should always be viewed as work in progress.

It's important to remember that your work never stops. As long as your salon exists, your responsibility only increases.

A good way to ensure your business plan is working is by evaluating it every six months.

Whatever your strategy, make sure it works with the audience you intend to attract, and you'll be well on your way to becoming the most sought-after salon owner.