

Open your own hair salon!

FabJob Guide to
**Become a
Hair Salon
Owner**



JULIE MORAN

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1. Introduction

Congratulations on taking the first step on your journey to opening your own hair salon! This exciting, high-energy industry ranges from the small-town salon where you can get a basic hair cut and color to exclusive upscale salons that offer a variety of luxurious beauty treatments, to the glamorous world of cutting-edge hair styles and models parading on fashion runways.

Hair salons are bustling social centers where clients can relax and chat while being polished and pampered. The beauty industry is a feel-good industry, and the hair salon plays an essential part. When you open a salon, your aim is to offer your clients a pleasant experience, top-notch artistry, and to make sure each and every one of them leaves your shop looking and feeling wonderful.

Unlike many other businesses, there is less risk involved in opening a hair salon. The beauty industry is largely recession-proof, because no matter how well or poorly the economy is doing, people still need their hair cut or colored. And, unlike making restaurant-quality meals at home, for example, hair services are not something people can do for themselves — at least not very well. While people pare down personal

luxuries when the economy slows, getting a great hair cut, perm, or other beauty services is something virtually everyone needs and can afford even when times are tight.

“I feel that a hair salon can be open at almost any time. This is one industry that is recession proof. Almost everyone needs a haircut. Even if they wait an extra week or two, eventually, they will get it cut.”

— Rita Ciotoli, Managing Director,
Charm Salon & Spa and Way 2 B Spa

Hair salon owners come from a variety of backgrounds. You may be an aspiring business owner who has come to recognize the solid, steady growth and relatively low-risk opportunity that owning a hair salon provides. Perhaps you're a hair stylist or esthetician yourself who has spent years working for others and is ready to strike out on your own. If you are a hair stylist, owning a hair salon is a great opportunity to explore your creativity while being in charge of your own destiny and reaping more of the financial rewards of your efforts.

If you've had business experience but you couldn't trim someone's bangs to save your life, you can still use your business savvy and skills to enter this dynamic and ever-growing field and achieve your dreams, and all without ever having to pick up a pair of shears.

1.1 Owning a Hair Salon

Hair salons come in an almost endless variety. The type of salon you choose is entirely up to you, and this guide will help you make that choice. For instance, you may choose to offer such basic services as shampooing, styling, and coloring, or you might offer additional services like hair extensions, straightening or weaves. A few innovative salon owners combine salons with another aesthetic or creative business, such as an art gallery, or combine social gathering places such as a pool hall with a men's barber shop or a wine bar in a salon setting.

According to census data collected in the U.S. in 2002 (the last year such statistics were available), the most common salons are those run by entrepreneurs with fewer than four employees. On the other end of the scale are high end salons offering a wide variety of services, including spa treatments, esthetics services, and so on, that employ dozens

of people. Most salons offer an assortment of retail products as well, from hair and skin products and makeup to expanded retail offerings such as jewelry, gifts, or artwork. Here is a list of services that can be provided in a hair salon:

- *Hair cuts:* These can be anything from simple, routine cuts, such as those offered in men's barber shops, to the latest in celebrity style trends.
- *Hair styling:* Most services such as hair cuts, coloring and perms are finished with a blow-dry and styling. Styling can be complementary as part of the shampoo and cut process or an additional service such as creating fancy styles for proms or weddings.
- *Hair coloring services:* Most salons for women (and many catering exclusively to men) offer coloring services. These can include basic natural color matching services to the more exotic. Typical coloring services include highlights, streaks, lowlights, and foils to add variety, depth and dimension.
- *Hair straightening:* this involves straightening and taming curly and wavy hair and making it more manageable through the use of chemical agents and flat-irons.
- *Hair extensions:* adding length to hair and making it look natural is an art as well as a real skill.
- *Wig choice and styling:* these are generally for people suffering from hair loss. Some salons specialize in working with individuals with hair loss while others offer these services in addition to other hair services.
- *Permanents:* yes, people still get perms, although not as many as they once did. This is still considered a standard salon service, and perms can be either full or partial (to add height to a particular area, such as the crown).
- *Shaving/Men's grooming:* While there are still some traditional men's barber shops, the men's grooming specialty has evolved, with more men's-only salons cropping up. In addition to hair services, these salons offer hot shaves (some complete with hot towel treatments), as do some unisex salons seeking to cater to their male clients. Other men's specialty services some salons of-

fer include hair trimming/removal (e.g., mustache/beard, ear and nose hair) and shoe shines.

- *Selling Specialty Salon Hair Care Products*: offering a line or several lines of products for sale in the salon is a way to provide clients with hair, skin, makeup and other products they need and use at home, and can be an important additional income source for your business.
- *Other services*: Some hair salons also offer nail services such as manicures and pedicures, makeup application, and esthetic or day spa services such as facials, tanning, and massages.

1.2 A Growth Industry

There has never been a better time to get into the salon industry. According to Susie Galvez, beauty industry expert and author, hair care is a basic necessity for people irrespective of economic conditions. She contends that “during times of economic stress, making a great first impression visually is one of the easiest ways to weather the tough job market.” While people might fall back on home use products for spa treatments and nail care Galvez argues, “taking care of hair, which is always totally visible, is one of those important things to leave to a professional.”

According to the U.S. economic census of 2002 (the latest year for which complete industry statistics are available), annual revenues for all hair salons and barber shops in the U.S. were almost \$16 billion dollars. This is an increase of 34% over the previous five years. In 2005, salons owned by sole proprietors earned more than \$14 billion across the U.S., an average 7.5% increase in revenues over the previous two years.

The situation is similar in Canada. Over the three years from 2002 to 2006, revenues in the personal care services sector (which includes salons and barber shops) increased from \$3.2 billion to \$3.9 billion. This represents an increase of 22% over the five year period. “That’s the interesting thing about the beauty industry in general,” says Jeff Sturgis, Vice President of Franchise Sales at Fantastic Sam’s Salons, “it’s a steady and stable growth industry...it grows every year and is more stable.” Dalgiza Barros of Creative Energy Hair Studio agrees: “This is a busi-

ness which will continue to thrive; and in fact, when times are tough people seek out products and services that will make them feel better.”

Recent national statistics in the U.S. uphold our experts’ opinions and point to continuous growth in the industry. According to a National Accrediting Commission of Cosmetology Arts and Sciences (NACCAS) report, as of January 2007, the total number of salons had increased by 18% since 2003. More than 1.6 million cosmetology professionals are employed in more than 370,000 beauty, skin care, nail and barber shops and salons throughout the country.

A typical salon, according to the report, provides full services from an average of five stations, employs three full-time and two part-time professionals, and serves an average of 127 customers per week. Retail sales in salons are also on the rise with retail product line revenues in excess of \$12 million dollar a year.

1.3 Benefits of Being a Hair Salon Owner

“I find one of the most rewarding aspects of owning a salon is the same thing that brought me into the industry. Making people feel amazing. When you’re a stylist you get to spend 30 minutes with someone and completely change the way they feel about themselves. This can be a truly remarkable experience. When you own a salon, you get to do that on a much grander scale.”

— Justin Hickox, Owner, Hickox Studio

Financial Rewards

Salon ownership can be very lucrative. While the size and complexity and even the number of salons owned by individuals varies greatly, there is potential for steady and solid earnings at every level of salon ownership.

While hard and fast salary statistics for salon owners are hard to come by, the salon owners we spoke with confirmed a 2003 Job Demand Survey conducted by the National Accrediting Commission of Cosmetology Arts and Sciences (NACCAS). This survey indicated that the average salary for salon owners was a little above \$50,000 a year, but with a large potential upside in the seven figures (\$120,000 - \$250,000)

for large, upscale salons or chains. Creating your own line of hair care products can bring in even more.

According to Business Development Consultant Jill D. Miller of Creative Solutions, “I would say an average salary range is \$36,000 for salons bringing in around \$500,000 a year up to \$120,000 a year for salons that bring in over \$1 million.”

Our experts all agreed that to maximize your profits and achieve the higher end of the income spectrum, coupling salon services with retail sales is essential. This is because, even in a salon with several stylists and technicians working, there are a finite number of clients each stylist or technician can serve in a given day. Even in a fully booked salon this limitation caps the earning potential.

A Relaxing and Comfortable Workspace

Creating your own work space is another great benefit of salon ownership. Far too many work settings are boring or dreary, and having an attractive salon space where you and your clients feel comfortable and relaxed makes your workday an enjoyable one. There are a wide range of color schemes and types of ambience your salon can have. Choosing the right look and feel of your salon can be exciting and fun, and can serve as a creative outlet for you to express yourself.

Being in Charge of Your Own Destiny

Many aspiring salon owners, especially cosmetologists who have rented booth space from other salon owners, are tired of forking over a large percentage of their hard-earned cash to someone else. By receiving the profits from your work and income from the stylists who rent from or are employed by you, you can take charge of your future and maximize your earnings.

Setting Your Own Hours

An important corollary of being your own boss is getting to set your own hours and having a flexible work schedule. While your salon hours will be dictated in large part by the needs of the clients you serve, if you are the owner you can still set your hours and work the times that suit your temperament best.

You have even more flexibility if you are an owner who is not a cosmetologist (or a cosmetologist who has chosen to come out from “behind the chair” for good and simply manage the business aspects of the salon). In fact, some hair salon franchises emphasize that their owners can run the business partly from home and partly in the salon. While you will need to maintain steady contact with your employees and devote a good amount of regular time in your salon overseeing the business, you do not necessarily have to be there every day from open to close to run a successful hair salon.

Helping Others Feel Good About Themselves

This is one of the greatest and most often repeated benefit from the salon owners we spoke with. The beauty industry, and hair salons in particular, are all about making people feel good about themselves by helping them look their best. People go to hair salons to improve their appearance (and receive a little pampering in the process). Delivering on this service promise is a great way to help others feel good, and this in turn makes you feel good. As DaRico Jackson, celebrity stylist and owner of Amiri Salon explains:

“Whether I am working on a celebrity or a non-celebrity, the gratification comes from seeing the self-esteem magnified when a women gets out of my chair. Sometimes women come to my salon down in the dumps, for whatever reason...but after an uplifting conversation, a glass of wine, an outstanding shampoo with a head massage, and a fabulous new look, their whole outlook changes. I love to see them walk out with their head lifted high, and that extra sway in the hips. When this happens, I know I’ve done my job.”

Leadership Role and Respect

All salon owners, and especially for salon owners who train and manage a team of employees, being a salon owner is a leadership position. If you like being in charge of a business and being in an environment where you can control and oversee how things are done, you will find satisfaction in this as a salon owner.

A natural outgrowth of this is the respect your leadership role as a salon owner garners from others. As Rita Ciotoli, Managing Director of two salons, Way 2 B Spa and Charm Salon & Spa, in Ontario, Canada,

describes it, “the greatest reward for owning my own salon is that I am respected by many people. The accomplishment of running two successful salons is something that also makes me proud.”

Artistic Freedom

Let’s face it, hair design and styling is an art form. For many salon owners who are stylists/cosmetologists themselves, having your own salon is the ultimate way to follow your own artistic inclinations. Especially in salons where employees are a well-trained team under the direction of a salon owner, there is a deep personal satisfaction for the owner in achieving creative and artistic balance and consistency in their own work and that of their employees.

“As a kid, I wanted to brush people’s hair and play with dolls. But as a boy growing up in Georgia, that was often frowned upon. Today, however, it doesn’t even feel like I go to ‘work.’ It just seems like I am making up for lost time as a kid playing with dolls. It seems magical to me to be able to help people look and feel great, and to have them spin around in the chair and tell me, ‘I feel great!’”

— Billy Lowe, celebrity hairstylist and owner,
Billy Lowe Salon

Building Long-term Friendships

Salons by their very nature are social centers. Most everyone is familiar with the notion that people confide in their hairdressers, which underscores the deep friendships people often develop with those who help them care for themselves and look their best. Employee relationships are also a large part of a salon, as many employees and other personnel spend more time at work than they do at home. As a result, salon employees often become a ‘family’ of sorts.

Many salon owners find a deep satisfaction in forging deep, long-term friendships with both employees and clients. While a cosmetologist who works for others has little say in who else works at the salon, as a salon owner, you have total control over who will work at your salon, which gives you the ability to choose talented people with whom you enjoy working.

“One of the most rewarding aspects of my career as a salon owner has been watching my people have families and be able to buy cars and houses and later send their kids to college because they were successful working for me.”

— Don Bewley, Co-founder of Eufora International

1.4 Inside This Guide

The FabJob Guide to Become a Hair Salon Owner is organized to help take you step-by-step through the basics you will need to open and operate your own salon. The chapters are organized as follows:

Chapter 2 (“*Hair Salon Basics*”) will help you decide what kind of salon you should open. This chapter discusses different types of salons and business niches within the industry, the range of services you can provide and products you can sell, and will explain what is involved in your role as owner and in the roles of your employees.

Chapter 3 (“*Getting Ready*”) explains how you can acquire the skills you will need as a hair salon owner. It covers ways of learning from experts and through observation. You will also discover how to get valuable experience and build a reputation through volunteer work or how to “earn while you learn” by getting a job in the salon industry. You’ll also find resources in this section for learning more about the beauty industry.

Chapter 4 (“*Starting Your Hair Salon Business*”) will help you decide whether to buy an existing salon, operate a franchise, or open a new salon. It also explains what you need to get started, including your business plan, start-up financing, store name, and other important matters.

Chapter 5 (“*Setting Up Your Salon*”) offers the information you need to actually set up your salon. It gives advice on how to choose a location, get merchandise to sell, and arrange displays. You will also discover what equipment and supplies you will need.

Chapter 6 (“*Running Your Business*”) takes you into the day-to-day challenge of running your salon once it’s open. It explains how to develop a procedures manual, and covers inventory management, financial management and pricing, marketing your business, and working with staff and customers.

Chapter 7 (“*Getting and Keeping Clients*”) teaches you how to hit the ground running and grow your business by implementing an effective plan for promoting and marketing your business and by delivering memorable top-notch services and great customer service that will make your clients happy and keeping them coming back.

By following the steps in this guide, you will be well on your way to living your dream — opening your own successful hair salon.