

# BUILDING A SUCCESSFUL SPA

Tomado de: [Spa Therapy.com](http://SpaTherapy.com)

## Step One — Conception

*by John Fanuzzi*

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As I write for *Massage Today*, whose primary readership is massage therapists, I am honored to share some of my experiences with many friends in the industry. Looking through the eyes of a massage therapist and through the eyes of a hotel chain are completely different, so I will write as if I was a massage therapist considering opening a spa.

"Spa" seems to be the wildcard word that incorporates not just massage, but a potential multitude of treatments, including other alternative therapies; body scrubs; skin care; steam; sauna; hydrotherapy; yoga; fitness; diet; meditation; and cleansing. It is the universal and much more socially accepted word, and it has hit its stride only in the past six or seven years. With that window now open, many massage therapists are upgrading their practices to day spas, which can be quite profitable if properly planned and managed.

When inspired with a new idea, such as opening a spa, a process starts that will test you, to see if you have what it takes to fulfill that vision. Many people get sidetracked when someone, perhaps their closest friend or most respected lawyer, banker or accountant, questions them about the practicality of their dream. Will your passion or your fears win when you hit that obstacle? My experience tells me that with any good idea, there are always hurdles to overcome. The real beginning is when you say, "I will." From that point of commitment, the fun begins. I have labeled this Conception -- the first step of a 12-step process to building a successful spa. Sharing your vision with your close circle of partners or staff, who also have a positive vision, will multiply the ideas and keep the creative juices flowing. It is also a time to start to think about what type of corporate structure you might need, and who the principals will be. Your positive attitude will bring the birth of a beautiful business; it must be nurtured, just like a baby in the womb.

I have personally built two spas, and one thing I can say is that what your final product may be quite different than your conceptual plan. When you do get into the design stage, you want to be as close to the final desired result as possible or it will delay construction and cost more for changes.

Now that you have decided to move forward, it is time to ask yourself some basic questions, such as: Do I want or need partners? Should I incorporate? How much will it cost? How big of a space do I need? Should I lease, buy or build? What types of treatments should I offer? Do I want to be more clinical? Do I want to include a hair salon? Should I start small? Should I hire a consultant? (For the sake of readers who may not have any knowledge of the spa industry, I am starting our discussion at an elementary level.)

This early creative stage is perhaps the most important - it is the thrust to get you through the next 11 steps. Each idea is a very important part of the process, and could be worth thousands of dollars. It is time to open your eyes wide, ask questions, visit as many spas as you can, attend trade shows, and read as much as possible from trade magazines such as Spa Management, Day Spa and American Spa.

## **Step 2 -- Theme/Spa Personality**

Last month we initiated a 12-step process designed at opening a spa, starting with conception of the spa. Now let's talk personality!

As we move forward in the process after making that first commitment, the earthy decisions will start to accumulate. Before you even decide on location, design and operational details, it is a good idea to consider the spa personality or theme, if you have not already done so. Do you want to have exotic Italian tile with painted murals? Will you focus on a specific ethnic or cultural atmosphere, reflected in particular modalities such as Ayurvedic treatments accompanied by Indian music? Would you like Greek marble columns with statuary and clouds painted on the ceilings? Contemporary with a full spread of treatments is common. How about Oriental massage with Asian therapists, or multicultural rooms with a variety of multinational therapists? Are you Zen, are you clinical, are you wholistic? Will you need a yoga or fitness room?.

Have you considered a retreat setting? If so, what about housing or local hotels? This could be a good choice if you are interested in creating a restorative or anti-aging clinic. People will come to the middle of nowhere to get away. Perhaps a farm, one in which its outer restoration plays a role in the clients' restoration, would work well.

Do you want your spa to reflect a sense of "sacredness," such as the feeling of an ashram, in which spirituality and self-growth are part of the attraction? How about a certain smell when you walk in the door? Is there a clothing or uniform image you'd prefer?

If you choose an ethnic theme for your spa, the location could be even more crucial. The more exotic might prove impractical, when you consider having to find or train specialized therapists. You must also consider your budget. Do you want real marble or faux-painted? Carpet or tile floors? The options are endless.

Whatever you decide, the thread of the theme should penetrate everything in the spa, from products to treatments, colors, smells, uniforms, aprons, robes, and even ethnic therapists if that applies. The keywords are continuity, cohesiveness and uniqueness. You are defining who you are, and what your message and purpose are. In essence, you are defining the image and the perception that the public will get when they visit your facility. In economic terms, how you define your spa's theme and personality equals marketing dollars well-spent.

When spa consultant Monica Brown took on the job of developing the Hershey Spa, she flowed right in with the theme of the Chocolate Giant -- Chocolate. The result was a line of skin and bath products that smell just like chocolate. What a unique signature for such a company. (I have smelled the products and they do smell just like chocolate -- you almost want to drink the bathwater). That sounded like a no-brainer, but to a closed mind, the opportunity could have been missed, and the Hershey Spa would have become a traditional services spa instead.

Tara Grodesk, of Tara Spa Therapies, has been known for her "regional specialties" that reflect the needs of the local environment. For instance, in a cold harsh dry climate, such as at the Peaks at Telluride or in ski country such as here in Montana, she would perhaps promote an alpine menu, with treatments and products that would warm the bones, hydrate the skin, and feature some sort of a fireplace setting to lounge around. A Southwest theme might take into consideration the clay, aloe vera, sage, and adobe indigenous to the region. A tropical climate would invite a feeling of cooling, which might include ingredients in the products such as mango, citrus or coconut. An urban oasis in New York would create the sense of a "lunch-hour getaway" from the fast-paced city life. These seem like obvious points, but sometimes they are overlooked because people rely on familiarity with a certain product or a place, rather than thinking about the wants and needs of the people who truly matter: the clients who will frequent the spa.

In rural areas, consider a restorative retreat for lifestyle changes. Clients will travel to get away to pattern new habits. Here you might include cleansing diets with fasting; colonics; liver flushes; dark-field microscopy; blood and urine analysis; iridology; and classes on self-improvement and spirituality. If people could spend a week and return home transformed, just think how quickly all of their friends would be knocking on your spa door.

## Step Three: Location, Location, Location

How many times have you driven by a commercial property and commented, "What a great place to put a business"? Chances are the real estate or rent might be very high or unavailable - but how important is location? Do you get what you pay for, or do you create your location? Do you settle for what's around, or do you keep looking? I would consider the following when choosing an ideal location for a day spa:

1. Rural, quiet setting - Within 5-20 minutes of a populated area.
  - a. Better chance to buy or rent for less.
  - b. Parking is usually abundant.
  - c. Could be a stand-alone building or remodeled house.
  - d. A feeling for customers of getting away; a mini retreat without the travel.
  - e. Greater chances for future expansion.
  - f. Disadvantages: no one knows where you are, necessitating a greater need for marketing, promotion, and unique character to attract clients.
2. Lease space next to a complementary business like a hair salon.
  - a. Could equate to savings on initial marketing expense.
  - b. Spillover business and referrals.
3. Downtown area with street parking or valet service.
  - a) Has a built-in marketing advantage - visibility and accessibility.
  - b) Proximity to walk-in traffic.
4. Shopping mall
  - a) Good for walk-in services such as hair, pedicures, manicures, etc.
  - b) Customers might like the convenience of shopping and spa services in the same place.

The location must be a draw for the type of clientele you are trying to attract. Prime location may or may not be an advantage to you. For example, if you plan on offering outdoor tai chi or yoga, fitness or nature walks, these services would be better suited for a remote setting.

If you already own a property without high traffic or are in a secluded location, you may have to adapt your business style and marketing to attract customers according to that location. This is the case in my personal situation: I already own the property. It is actually a challenging location, being so remote in Montana - 50 miles from a population base in Bozeman. To balance the situation, our market must reach a national audience. Friends said I was crazy back in 1985 when I moved Golden Ratio to Montana. My vision did not include a local market. I make my niche now with the Wellspring Institute by attracting a broad variety of customers, local and distant; by having housing for those out of state; and by offering an adventure program, corporate spa getaways, and rejuvenation programs that include longer stays with a cleansing program.

Recently, I attended the Murietta Day Spa, which is about an hour from Los Angeles, California. The owner told me that the spa relies on business from people who want to get away for the day, but do not necessarily want to fly or stay in a hotel overnight. The spa was beautiful and provided plenty of parking. My full day in the spa was shortly after the events of September 11, 2001. To my surprise, the staff told me that they did not notice any slowdown in their business. In fact, they had more people coming to the spa - people who didn't want to fly to a get-away resort.

When I set up Montana Bodycare and Dayspa in Bozeman, I found a location next to a busy hair salon, just off the main drag. I thought the proximity to the salon would pay off. It did - in fact, the current owner bought the salon and knocked a hole through the wall to connect the two businesses.

Here's another important consideration when setting up a spa -- Should I buy or lease? This is a big decision, because if you lease, you usually have to spend your money to make the leasehold improvements, which you do not own. Sometimes the developer of a new commercial property will include the initial improvements, but you will most likely pay more rent. When you start putting plumbing in every room and showers, wet rooms, steam, tile etc., it adds up quickly. Experience has taught me that you will always spend more than originally planned. (My latest advice/warning is to double what you planned to spend)

Make your choice of location and theme wisely. The two must fit together. In this industry, reputation and word of mouth will prevail. A successful blending of the appropriate elements will bring repeat customers, and those steady customers will bring their friends. The bottom line is, it must be the right location for you.

## **Step Four -- Budget/Financing**

In the past three issues, I've covered some of the creative aspects of opening a successful day spa. If at this point you know your theme, location, and have a feel for the size of the spa you have envisioned, it's time to get down to some of the more concrete business stuff - such as an evaluation of site demographics; startup cash requirements; cash flows and projections both for startup and for operations; and sales goals with break-even points for each profit center within the business.

Before you go to the bank or to money partners, a business plan should be prepared. You have to sell your idea. The more homework you do, the better chances of success. The banker surely will want to know:

1. Do you have good plan with projections, cash requirements, competitive analysis, and selling strengths, weaknesses, opportunities and threats?
2. Do you have a good track record in business and in paying off loans?
3. Do you have the passion to carry out your dream?
4. Do you have any collateral?

Even if you don't need financing, it is still good to go through the planning process, just as if you were going for a loan.

To determine the size of the project and the money required, I recommend building an interactive spreadsheet, one in which you create input boxes that will generate formulas of cash flows for each profit center. The summary of cash flows for each profit center will then flow into a master summary sheet. This gives you a tool for dialing in all of your scenarios and break-even points, and determining the size of the project. It will also become your daily performance sheet after you open your spa; by monitoring the actual numbers, you can see where your strong and weak points are and readjust your cash needs accordingly. This way, you can make adjustments before it's too late.

<b>Bodywork Rooms (with owner/therapist split on treatment)</b>				
<b>Set-up Costs</b>	<b>Cost</b>	<b>Qty.</b>	<b>#Rooms</b>	<b>Amount</b>
Construction (per sq. ft.)	\$50	200-sq. ft./rm	4	(40,000)
Bodywork table	\$2,200	1 ea	4	(8,800)
Misc. massage equip.	\$500	1 ea	4	(2,000)
Initial supplies	\$500	1 ea	4	(2,000)
Furnishings	\$200	1 ea	4	(800)
Extra	\$2,000	1 ea	4	(2,000)
<b>Total cost of set-up</b>				<b>(55,600)</b>
<b>Month To Month Expenses</b>				
Amortization of set-up	(55,600)	5 (yrs)	9.00%	(1,164)
Rent per sq. ft.	\$1.50	800 (Tot sq. ft.)		(1,200)
Utilities	\$20	4 rooms		(80)
Linens & Robes	\$25	4 rooms		(100)
Oil & Lotions	\$50	4 rooms		(200)
Misc.	\$50	4 rooms		(200)
<b>Total Monthly expenses</b>				<b>(4,074)</b>
<b>Month Revenue</b>				
Rate per treatment	\$60	To Therapist	Therapist	
# of days per month	25	Split 40%	\$3,000	4,500
Treatments booked per day	5 per day			
Treatments booked per month	125			
<b>Total Monthly Revenue</b>				<b>4,500</b>
<b>Net profit per month</b>				<b>426</b>
Net profit per day				17
Return on expenses				1.10
Break-even point (treatments per month)				113
Break-even point (treatments per day)				4.53

<http://www.massagetoday.com/images/archives/2002/04/bodyrooms.pdf>

In this scenario, the startup treatments are only five per day, even though there are four rooms with a potential of 32 treatments per day, at the normal eight hours worked per day with one-hour sessions. All of the numbers in the boxes are changeable. All of the other numbers are the result of a formula affected by the numbers in the boxes.

One important thing to know is the break-even number of treatments per day and month. The key numbers will feed into the cash flow sheet, which gives you your cash requirements. Create an entry sheet and a cash flow sheet for each profit center. Some of the profit centers might include front desk and retail, facial room, wet room, fitness, nails, and guest rooms.

The final page (see below) is a summary sheet, into which all the totals from the individual cash flow charts flow into a master cash chart with required startup amounts. Many businesses do not even break even for the first 1 1/2 to 2 years, so that must be figured in when you do your startup numbers.

Bodywork Cash Flows															
Treatment price	100	(2,700)		Startup expense from setup pg											
Throughput split	40%	24		Avg. set per treatment											
3-Year Plan															
Rate of expense increase/month	100%			Startup treatments/month					125.00		Increase factor				15%
Year 1	Month	1	2	3	4	5	6	7	8	9	10	11	12	Year Total	
Expenses		(2,700)	(2,871)	(3,060)	(3,255)	(3,454)	(3,657)	(3,864)	(4,075)	(4,290)	(4,509)	(4,732)	(4,959)	(37,362)	
Increase factor		1.00	1.05	1.10	1.15	1.20	1.25	1.30	1.35	1.40	1.45	1.50	1.55		
Treatments per month		0	125	144	163	181	200	219	238	258	277	296	315		
Income		0	1,260	3,450	3,600	4,350	4,800	5,250	5,700	6,150	6,600	7,050	7,500		
Net Income/month		(2,700)	(1,611)	384	345	846	1,143	1,381	1,620	1,850	2,081	2,312	2,543		
Cash Flow		(2,700)	(1,437)	(2,676)	(2,910)	(1,607)	127	2,244	(1,744)	2,428	3,097	3,766	4,435		
Year 2	Month	13	14	15	16	17	18	19	20	21	22	23	24	Year Total	
Expenses		(3,133)	(3,284)	(3,435)	(3,586)	(3,737)	(3,888)	(4,039)	(4,190)	(4,341)	(4,492)	(4,643)	(4,794)	(47,384)	
Increase factor		1.65	1.80	1.95	2.10	2.25	2.40	2.55	2.70	2.85	3.00	3.15	3.30		
Treatments per month		321	350	380	410	440	470	500	530	560	590	620	650		
Income		7,860	8,400	8,940	9,480	10,020	10,560	11,100	11,640	12,180	12,720	13,260	13,800		
Net Income/month		4,727	5,116	5,465	5,891	6,314	6,737	7,160	7,583	8,006	8,429	8,852	9,275		
Cash Flow		20,094	21,801	23,508	25,215	26,922	28,629	30,336	32,043	33,750	35,457	37,164	38,871		
Year 3	Month	25	26	27	28	29	30	31	32	33	34	35	36	Year Total	
Expenses		(4,461)	(4,570)	(4,680)	(4,790)	(4,900)	(5,010)	(5,120)	(5,230)	(5,340)	(5,450)	(5,560)	(5,670)	(60,090)	
Increase factor		4.40	4.80	5.20	5.60	6.00	6.40	6.80	7.20	7.60	8.00	8.40	8.80		
Treatments per month		824	875	926	977	1,028	1,079	1,130	1,181	1,232	1,283	1,334	1,385		
Income		13,260	13,800	14,340	14,880	15,420	15,960	16,500	17,040	17,580	18,120	18,660	19,200		
Net Income/month		8,799	9,230	9,661	10,092	10,523	10,954	11,385	11,816	12,247	12,678	13,109	13,540		
Cash Flow		100,173	104,603	109,033	113,463	117,893	122,323	126,753	131,183	135,613	140,043	144,473	148,903		

<http://www.massagetoday.com/images/archives/2002/04/bodycash.pdf>

It is always good to set goals and post and chart your daily numbers, so your entire team can work together toward a goal. The daily keeping of performance will help you make the proper adjustments to stay on target.

If you've done a good job on your creative planning, this financial planning will bring your ideas down to earth. After you know your cash needs, and after you have a commitment from your banker or investor, you will be ready for some serious design work, which will interface with the budget you have just created.

## **Step Five: Design**

Before I get into this month's topic, I would like to apologize for some confusion about last month's article on budget - particularly with respect to the spreadsheets. A number of other pages are needed to give the full overview, and it simply would take up too much room to print. I would invite those who would like some clarification to e-mail me at the address listed at the end of this article.

This month's topic is design. After perhaps months of preliminary planning - from birthing the original idea, to exploring the feasibility of such a project, to putting the finances in place to proceed - you are now ready for the next step: putting the ideas on paper. Generally, interior design firms or architects can do everything from construction documents, which include floor plan, electrical, lighting, interior finishes and furniture, to construction management; however, I strongly advise you to speak with a professional spa consultant first.

The reason a spa professional should be on the job before a designer is that he or she has the familiarity with the equipment as it relates to the planning requirements. He or she also can lead you to sources of information, such as attending a major spa trade show where you can pick the brains of an abundance of experienced owners, spa directors, educators, and manufacturers. I often see spa consultants meeting their clients at trade shows, specifically to pick out equipment. This should be done before final drawings on your spa are made.

The spa professional assists the designer, who may not be familiar with the wide variety of equipment used in a spa. Building a spa requires knowledge of specialty equipment that is not in your designer's normal line of residential and commercial jobs. If your designer does not know what equipment is available, how can he or she provide the proper space and flow requirements?

A good spa consultant has a design background and can help with the preliminary floor plan, including room sizes, traffic flow, adjacencies, and room use requirements as they pertain to the proper equipment and mechanical requirements. He or she can advise you on the benefits and drawbacks of certain modalities, which ultimately equate to more or less revenue per square foot.



Spa consultants should also be familiar with the proper space, plumbing, electrical, and ventilation requirements for certain equipment. Some of the specialty equipment includes wet rooms with vichy showers or hydrotherapy tubs, steam, sauna, and pedicure units, and a multitude of therapy tables.

I have had customers building a small operation who did not hire a professional, who thought they wanted a full wet room with a vichy shower, but didn't realize that a water containment table in a dry room would work fine, save money, save cleanup time, save laundry, and also not limit that room to only wet treatments. I usually recommend this to smaller day spas with less than six treatment rooms. I also recommend a floor drain and hand sink in every treatment room, so your facility is versatile enough to accept wet/dry tables and multifunction massage, facial, and pedicure chairs.

For those of you who have no background in building and design, let me explain some of the basic design components that all need to fit together and get coordinated. On jobs requiring an architect, such as new construction or additions, a set of contract drawings is issued for each of the components, including: structural (if required), architectural, plumbing, and heating ventilation / air conditioning (HVAC). If the structural components of the building are already in place, such as in a space that is leased in a shopping mall, then architectural interior design drawings are the primary requirement. On most remodels, individual sub-contractors usually present their own shop drawings to dovetail with your architectural needs.

The next step is to choose an interior designer who will evaluate, edit and draft your floor plan for proper building code requirements. This person must be sensitive enough to work within your budget, to acquire the most aesthetic value for the money and resonate with your theme. He or she will also select the proper interior finish materials and furniture. Ideally the designer will create the space to set the mood and be functional. Using spa consultants and professionals from the design community will save time and money, and create a more professional space. In the end, when you have to live with the results, you will be a happy camper. You may also get less gray hair in the process.

## Step Six: Construction

This month's topic is the actual construction of your spa. If you have done your homework and worked in conjunction with your spa consultant and interior designer or architect, you should be well prepared. The more detail you've provided on the design and specs, the easier it will be to get bids that will not be susceptible to huge overruns and misunderstandings with the builder.

Its time to decide whether to choose a general contractor, whose job it will be to coordinate the entire job, including carpentry, electrical, plumbing, tile, painting, finish details, etc., or to serve as your own construction manager (general contractor). With the latter option, you'll bid out and coordinate all of the subcontractors and do most of the pricing, purchasing, and scheduling yourself. You will have to also get the permits as an owner/builder. I would only recommend this option if your job is a renovation and if you have construction or management experience. You will also be responsible for the quality control of your own job. This may also take away from your spa operation planning, but, could save you as much as 10% to 20% of the construction cost.

Whether or not you use a general contractor or not, you will still be shopping for the best quality for the least price. You should get at least three bids from reputable general contractors, or from each subcontractor if you are the general contractor. If your plans and specs are well-prepared, the lowest bid will work fine. However, if your plans are not well-detailed, a low bid could actually cost you more in the end, particularly if there are changes needed that are not detailed enough on the plans. For example if the concrete floor is poured and your floor drain is in the wrong place, the wrong size, or forgotten because the equipment was not specified, this could represent a major extra cost. Sometimes a low bidder can see that your plans are not clear enough and will come in with a low bid, knowing he or she will get the job, but make up for the low bid on the extras and change orders, and at the same time not have to be accountable for delays. In any case, make sure you know the hourly rate you will pay in case of changes. It is also important to require a finish date, with a penalty clause if the work is not completed on time.

You should time your construction to be finished about two-to-four weeks before you open, to allow for a little cushion and to schedule a training period. This overlap will give you the option to train in your own place if the building is done on time; if more time is required for construction, you can still do offsite training. (It is much better to do the training onsite if at all possible.) The extra cost of an offsite training facility rental should be figured into the cost of non-performance to be paid by the contractor. You should also keep an ongoing punch list of incomplete work and withhold a part of your final payment until such work is completed. There should also be a workmanship guarantee clause - especially for plumbing, electrical, and mechanical problems that could arise as a result of improper installation or use of inferior materials.

Make sure that you completely understand your contract before you sign it. If you have any questions your builder cannot explain and you cannot understand, you probably should get legal advice before you sign. You should also have your spa consultant review your contract and final contract plans before you sign, just to be sure. If you been independently creative and have not hired a spa consultant from the beginning, this is your last chance to avoid potentially costly mistakes before construction begins.

Another important bit of advice is to make sure the contractor is licensed and insured, including liability and workers' comp. It is actually legally possible that you could be liable for personal or property damages caused by a construction accident even if you are leasing the property.

Don't forget to put up your "Coming Soon" signs to let the public know your spa is in the works! Next month, we'll change gears and start to talk about the actual business operations master planning.

## **Step Seven: Operations**

Last month, we dealt with construction planning; this month we'll shift gears a bit and focus on the actual internal operations required to run a successful spa or day spa.

Before we hire our therapists, we've hopefully done our homework as to appropriate theme planning, and should have penciled out our menu to some degree. That means we know our specialty treatments will fit right into the particular personality and image we want to manifest. Sometimes situations come up in the hiring process, such as finding a massage therapist with other skills that might be beneficial to offer, that triggers new menu items. Modalities such as polarity therapy; chair massage; aromatherapy; Ashiatsu foot massage; etc. could be added to expand your spa theme. There are many more potential additions, but the point is that any employee's extra skills could add more depth to your spa menu that will set you apart.

When you hire staff, there are many qualities to consider. Personally, I would look at attitude first and a passion for work second -- they must love. Don't forget, you are in effect married to your employees, so communicate and make sure their vision is in line with your vision. I recently visited the DePasquale Day Spa in New Jersey, which is in my opinion an extremely well-managed, five-star operation. What most impressed me was the spa's hiring procedure, and the steps it takes for a new therapist or stylist to actually work the main floor. First, employees train in the school area; then perform their skills on the department heads; and finally, on the spa owner(s). Only then are employees "ready" to treat paying customers.

Generally, you should start your staff training about four weeks before your spa opens. Employees need to learn much more than where they will be working; they need to know your philosophy, theme, internal operating systems, and products, so they can sell products and services besides their own. Employees must be trained as team players and be ambassadors to customers and the public. This can only happen if they are happy with their relationship with their supervisors or owners.

Another important key to success is to set up a computer system that will give you all the information you need. With access to the right information, you can manage and make decisions based on facts. Computers will not solve your problems if your systems are not prepared; and wrong or incomplete data is worse than a manual system. In choosing your software program, do your homework. Ask yourself some questions. Will it be easy to learn and operate? Is it a complete bookkeeping and operations package? Can you get any kind of report you need easily? How does it handle commission splits? Does it create barcodes for your inventory? Will your reports produce graphs? If used correctly, your computer system will save you lots of work, so don't skimp.

A few months ago, in my article on spa budget and finance, I presented several charts illustrating startup cash requirements and cash flows. (Editor's note: See "Step Four: Budget/Financing" in the April issue). It would be a wise business practice to prepare those same charts with real everyday numbers, so you can immediately see where you are winning and where you are losing. This type of daily record will reveal trends and allow you to make adjustments before you lose big money. I like to post daily sales figures and employee performances, which help build teamwork and create a challenge to set higher goals. From that original business plan with cash requirements you should be in the ballpark to know what your marketing budget is and at this time there will most likely be some adjustments since the original was done before the final design.

Retail sales is one of the most important, but often neglected, facets of spa operations. Retail sales can be a tremendous source of "extra" revenue. When setting up your retail sales operations, consider a full time retail sales manager and an incentive program for therapists who sell. A good salesperson can make you a lot more money than just letting the receptionist ring up a passive sale. Your retail sales revenue may depend on how big or small your operation is, and how well your employees know your product line.

If you've hired a spa consultant, you may already have a complete operations manual based on experience from similar past clients. Don't forget to allow for regular cleanup and maintenance in off hours, so your place will always stay sparking.

## Step Eight: Initial Marketing

As your staff trains and prepares for your spa opening (to be discussed next month), a parallel process must take place: the initial marketing that announces the event, clears the way for the opening, and builds a foundation for future promotions. When I think of marketing, I think of what it takes to make the phone ring to book an appointment or make a sale. Although sales and marketing go hand in hand and are often misunderstood, there is still a distinct difference.

When considering marketing, think of eight "P" words -- Prospecting; Positioning; Packaging; Presentation; Pricing; Promotion; Public Relations; and Profitability. Assuming we have a marketing budget for initial startup and the first year, let's get started and look at these "P" words.

**Prospecting:** When I hear the word prospecting, I think of looking for the gold. In terms of your spa, the search is no different. Gold is what we need to find. We need to find out who our potential customers are. It is a searching and seeking process. It is a time to be a detective and figure out how to get the best return on the time and money you've invested. Times have recently changed, and I think the best buy for your money is using e-mail in your local area to announce your opening and your services. It is probably more important today to get an e-mail address than a phone number. By using e-mail and building that list, you can send out current information about pricing, specials, new services, new employees, and last-minute openings. You should always include a link to your website in the e-mail. Learn from the beginning how to capitalize on this most effective marketing tool. Of course, there is also good old word of mouth and advertising, which certainly have their place and should be used.

**Positioning:** This is how you place your services in comparison with the competition. How are you going to win customers? Unique services, better prices, an immaculate atmosphere, the best customer service, a free food and juice bar, limousine service, valet parking, or the most caring employees?

**Packaging:** Everything in retailing depends on it. The beautiful label can often sell a lousy product. The same applies to the services you sell - the written description that makes the customer want to have the experience, the photographs of the treatment that enhance the description, and the beautiful presentation of the products on the shelf.

**Presentation:** Think of the first impression you get when you meet someone who's well-dressed, visit a beautifully landscaped home, or dine at a restaurant where the meal looks like a piece of artwork. Your spa should make that same impression every time, with every customer. The way you welcome each customer and lead him/her to each station, the cleanliness of the juice bar, the neatness of the front desk, the graphics of the spa menus, and the logos on the employee's shirts - it all makes a difference. Be creative, but keep in mind which details will bring each customers back with all their friends.

**Pricing:** I like fair pricing. Check out your local competition to make sure you are in the range of your local economy. Your published prices should not be too high, because you could price yourself out of the market, especially in the beginning. They should not be too low, because you could give the impression that it is an inferior service. You also could be working for minimal margins and could create price wars with the competition, in which case everyone loses. You can have specials, but don't devalue your services. If you list a higher price with the right packaging, you have added perceived value, and if it is performed elegantly you will easily get your price and have repeat business.

**Promotion:** In the initial marketing stage, and until you have full capacity, you will need to offer specials of all sorts. I would start by having an invitation with a RSVP to all of the businesses and influential people you know. Host a "spa party" at which you could offer a free chair massage, for example. Maybe you could sponsor a fundraiser for some community cause, with half of your sales going to a charity. You could develop an incentive program, such that, for each new treatment a customer tries, a friend receives a free treatment. You could cross-promote with other businesses, especially wedding, restaurant and hospitality. You could offer a free service after three referrals. Be creative.

**Public Relations:** Send press releases to all the local media for everything you do, and invite the press in for complimentary treatments. If you can afford it, hire a PR person. Write articles or a column for the local newspaper - make yourself an authority for your profession. Attend local chamber of commerce meetings and network with everyone, so you keep a hand on the pulse of the community. It's all about public image. What do your customers really think about you and your spa, and what are their perceptions? Long-term business success boils down to building and nurturing relationships.

**Profitability:** Don't be discouraged if you are not profitable the first year or two. You are in business to make a profit. It is important to squeeze every bit out of your marketing effort. Take advantage of free publicity. If you do advertise, make sure you get some articles written about your business. Ideally, you want happy customers to do the promotion for you. Successful spas do not need to advertise. When this happens, you can take that marketing money you don't have to spend and turn it into pure profit.

## **Step Nine: Initial Training**

The initial marketing discussed in last month's column usually occurs on a parallel timeframe with this month's topic: Initial Training. As the energy and excitement builds toward your grand opening and you see the light at the end of the tunnel, it's time to get physical - hands-on training. Now is the time to cover every aspect of your operation and communicate clearly with your staff. Ideally, you should have a manual prepared with detailed instructions of every phase of your operation. This manual serves as the starting point for all of your initial training. It is also a "work in progress" to be modified and updated as your operations expand and you add new services.

I recommend that every employee and therapist know every job to some degree and be willing to be flexible, especially if you are just starting out. As an owner, I like to have experience in every job, from reception, bookkeeping, computer, and retailing, to the not-so-glamorous jobs such as cleaning the showers, doing the laundry, and sweeping and vacuuming the floors. That way I not only have a feel for the job so I can train the employees, but I can fill in case of an emergency. Loving what you do, no matter what it entails on a particular day, means that everything you do is fun.

As I stated in a previous article, you should allow about two-to-four weeks of training before your grand opening, to get all of the kinks ironed out and have your staff working harmoniously and in sync. Your training should cover all aspects of the operation for all employees. I would make sure to have an internal communication system, so that nothing falls through the cracks. Every employee should have his or her own e-mail address so important personal and company wide messages or policy changes can be documented and acknowledged. Each employee should also have his or her own voicemail, so personal calls or specific instructions from management or customers can be directly communicated.

Company-wide standards and expectations should be spelled out clearly. Tell employees what you expect from them, so you can put issues on the table before they become problems. Ethics, client confidentiality, and proper treatment protocol can never be overemphasized.

Employees should be aware of timing and traffic flows. Staggering startup times means less congestion in hallways and dressing areas. Employees should also be trained in the physical plant and have a basic knowledge of electrical, mechanical, water, and HVAC control locations.

It is very important to train **every** employee to be an ambassador for your business. Everyone should be trained to sell products and services and be knowledgeable of the following:

- **Current marketing materials:** This can include your menu of spa services; current ads; e-mail blasts; promotions; community events; and special events such as wedding parties.
- **Products:** Knowing and believing in the products that you offer can sometimes make the difference between profit or loss. Employees should be passionate about the products they use - if they're not, find more acceptable products, or more passionate therapists. If your therapists are not believers, don't expect to sell much of that product.
- **Equipment:** Owners, therapists, front-desk, and marketing personnel should all feel comfortable about the equipment clients will be using. Personally, I have a hard time selling any equipment if I don't love it and know its functions. The equipment is a part of your image.

If your construction is complete, you can train in your new facility and do a soft opening with friends only and with reduced pricing. If your spa is still being built, you may have to train off-premises with portable equipment and floor plans. Some of the training involves operations and protocol, which can be taught anywhere. Ideally, your therapists should be trained on the equipment you purchased and in the rooms they will be using.

After training is complete, you'll be ready for the grand opening! Next month, we'll add some final details to make the perfect presentation - just like your best chef.

## **Step 10: Presentation**

Welcome to the physical sector of opening a successful spa. After visiting the first nine steps, our doors are now open. From this point on, your success or failure may depend on one element: **Presentation**.

Presentation with respect to your spa includes everything from the physical appearance of the front desk to the appearance and personality of each employee. Your retail display; artwork; décor; printed receipts; collateral printed materials; menu; website; and customer service are all part of the presentation. Presentation is going to affect the image of your business, and public image is the backbone of repeat business, word of mouth, your reputation, and ultimate success.



Lets take a look at image. I remember going to a trade show a few years ago in Chicago, and instead of one booth, we took four booths with lots of inventory and a new look. One customer came by and made the remark, " Wow you guys really got big." In truth, we were no bigger than the previous year, but we looked like we were. Remember, people talk, especially in a local community. That's exactly what you want if there is something good to talk about. Perception is reality. As I mentioned in a previous article, the goal is to keep the marketing dollars in your pocket. Good word of mouth means good publicity. People talk, and positive talk about your spa is the least expensive way to advertise.

In last month's article, we discussed the hiring and training of your therapists and staff. Now that the spa is open, you must make a daily effort to keep your staff happy, alert, and tuned in to the needs of the customers. Always keep in mind how important that first impression is. It should be a goal to make each person who comes through your door a long-term customer.

Work toward this goal as soon as each person walks through the door. Welcome clients and offer a cup of tea or a snack when they sit down, just as you would do with guests in your home. Offer a tour of your facility if possible, and introduce them to your key staff. If clients come in specifically for a massage, don't have the therapists just put them face down and start rubbing. It is a time of first impression and relationship building. Spend that extra time and offer a gift product or gift treatment. I like to have new clients sit face-up on a backrest table and get a foot scrub and rub, so a conversation can happen before the silence of a massage -- even if it takes more time. An extra-personal presentation, especially on the first visit, leaves a lasting impression. It is also a good habit to have every treatment as warm and special as the first. Think of it as keeping the romance alive after the marriage.

Another simple-but-effective presentation is uniforms. I like logo shirts, with each employee's name on his or her shirt. Some people, myself included, have a hard time remembering names, and it's also a bit awkward if the customer forgets your name. The same logo also should be on the robes and towels. Uniforms also make it easy for all employees -- they all know what to wear, and there is no room for individual fashion shows that could tarnish your presentation. If you design a particularly catchy or attractive image, your logo shirts may even become a popular retail item. Again, this is great advertising for free.

Do you want repeat customers? Serve food -- sandwiches, cookies, tea and juice drinks. I would cost it in with your treatments. They serve free drinks in Las Vegas when people are gambling. I don't drink alcohol, but I know I would be touched if I could get free juice drinks or food while at the spa. When I took a few days at the Miraval Resort in Tuscon, all the food, juices and snacks were included. The high room cost did not matter -- the service was worth it. Free food encourages customers to relax, socialize and spend more money. They become loyal friends instead of revolving-door customers, and they become your extended marketing family. Just think of their circles of friends they will bring back over the years if you foster good relationships with them.

One extremely important detail not to be forgotten is cleanliness. Think of how unpleasant is it to find one hair in the bathroom of a fine hotel you just paid top dollars to stay in. It just takes one hair to give you a bad image. Consider your spa as you would a fine hotel. Clean your spa every night, and make sure each therapist keeps his or her appearance and work space immaculate at all times. Cleanliness is Godliness! Once gain, it's all about presentation: if it's clean enough for angels, it's clean enough for your customers.

## Step 11: The Golden Rules

The "Golden Rule is based on the general law to do unto others as you would have others do unto you. This month, I'd like to expand a little on this concept to discuss what I consider the **Golden Rules for a Successful Business**:

1. Love your work. Do what you do with a passion. It should not be just for the money. The people, the industry and the love to make some sort of a contribution to life are what will ultimately give you the most fulfillment in life. There is no such a thing as "time" when you are in love - and that includes your work. It is simply your sacred labor.
2. Hire the right employees. Employees become your family - so make sure they have the same vision and passion you do. Employees must be properly trained, valued, and communicated to -- much like a functional family. How you treat your employees determines whether your workplace is one of peace, or misery. Keep your employees happy, and they will be loyal.
3. Be a Giver. There are givers and takers in life. I always remember the old saying, " It is better to have loved and lost than to never have loved at all." It does not take that much effort to graciously give more than is expected. True love has no strings attached. When you are in this mode, you are constantly making deposits into your cosmic bank account (good karma). Your payback may not come quickly; but quite often by surprise. So always give a little more than is expected, to your customers and employees. Go the extra mile.
4. Be Gracious. This is like the grease -- it keeps things lubricated and flowing. When problems come up, dance around them to come up with the right solution. If you can't flow, you'll probably experience stress -- and that's not the way to run a successful business. There are going to be challenges along the way, so dance with them. Do the best structuring and planning you can, and then let it go. Don't be attached to the results; just do you best and let what happens happen.
5. Keep the Vision. When things do get tough, fear can creep in -- especially when cash is tight. Fear has been on my doorstep many times. The way I've ever overcome fear, besides pure faith, is by remembering the bigger vision. Establish your goal, set a course, and don't let anyone grab the steering wheel from you.

6. Use Positive Language. In many circumstances, you get what you speak - so be conscious of the words you choose. Positive affirmations help raise your spirits. Negatives only lead to depression and failure. Let your words be the mantras to fulfill your dreams.
7. Surround yourself with positive people. Don't expect much from people who say "it can't be done" or "I'll try." Look for the "I will" people - those with passion and love for you and their work.
8. Maintain a commitment to quality. Whether it be product, services, education, or design, always seek to improve yourself and your industry. Set new standards and raise yourself, your staff, and all who follow to a new plateau.
9. Focus on relationships: Good relationships begin with good communication; to maintain the connection, you must keep the communication going. If you have a large customer or employee base and cannot always talk face-to-face or by phone, use e-mail. Healthy relationships lead to happiness. Keep in touch on a regular basis.
10. Maintain a winning spirit. You are your own favorite team, so always play as if you cannot fail and you cannot accept defeat. You know no words other than Victory. It is your game to win -- so play to win. You can only be a success if you will it so.

## **Step 12: Sustainability**

In the past year, I have presented the basics of opening a successful day spa, from conception to opening. Once open, there is just as much work (or more) necessary to sustain the business you've created. In a sense, it's like keeping the marriage alive after the honeymoon. You have convinced your investors, or the banks, that you can make a substantial profit. Now you must use all of your energy and expertise to keep everyone happy.

Expect some bad days, bad weather, a bad economy, or any number of problems. But through the challenges, keep the vision; don't let those down days get you depressed. New businesses don't always start off with a bang, so be patient; at the same time, prepare yourself, so you don't get into so much trouble that you can't make adjustments. The most important thing to consider is the minimum amount of business you need to maintain - that way, you will know on a daily basis if you are swimming or sinking. My April article on budgeting included a sample startup cost sheet that illustrated initial set-up costs with monthly amortization, startup month-to-month expenses; monthly net profits; and daily net profits with breakeven points. Set your daily goals and place them where they can be seen. The only way to transcend yourself is to know where you have been. The day spa owner, and possibly the managers, should know the breakeven points, and you should post your actual number of treatments per room, along with your retail sales. The more visible you are, the more you and your staff will be comfortable with the progress of the spa, or make the proper adjustments before it's too late.

As an owner of a manufacturing company, I check our daily quotes, orders and invoices, along with the daily average for the month and several month-to-month and year-to-year comparisons. These figures are posted for everyone to see. Sure, you could get the reports for your eyes only; however, it is empowering to share the progress with your staff. If the numbers are up, everyone gets a sense of a personal victory; if the numbers are down, everyone gets a chance to give a bit extra. If sales decline, it may be a time for a special promotion, a spa party, or a few calls to customers. If it is a historically slow period, it might be time for cleanup or training. Your ability to adapt and respond quickly to problems can make or break you. If you have prepared well; worked with experienced spa consultants, have a good way to get the proper financial reporting promptly, and can make timely adjustments, you should be able to sustain your business for years to come. The Baby Boomers are here, and they are ready to spend tons of money. Even though the competition is increasing, all reports show an increasing demand for alternatives to feel better. The flower children of the 60s may be older now, but they still prefer to eat organic foods and frequent spas. The future of the spa business looks positive, and it should be sustainable for years to come.

So, may you have your victory now! That's all there is.