

GMSB 188 Transcript

[00:00:00] **Antony W:** Welcome to the Grow My Salon Business podcast, where we focus on the business side of hairdressing. I'm your host, Antony Whitaker, and I'll be talking to thought leaders in the hairdressing industry, discussing insightful, provocative, and inspiring ideas that matter. So get ready to learn, get ready to be challenged, get ready to be inspired, and most importantly, get ready to grow your salon business.

[00:00:29] Hello, and welcome to today's episode of the Grow My Salon Business Podcast. I'm your host, Antony Whitaker and it's great to have you here with us today. As an industry, I think that hairdressers are good at many things. Now I know that's a generalization, but in my experience, I also know it to be true. But generalizations are just that a generalization, meaning that it doesn't apply to everybody, but it applies to most people. For example, some generalizations about hairdressers are that most hairdressers are people's people they're comfortable with small talk, they're visual learners, they have a good sense of fun they're quick to build relationships and they love a good party. And they have a creative view of the world. But if there was a generalization about an Achilles heel or a weakness that hairdressers have, it would probably be something along the lines of that when it comes to money and the financial management of their businesses, that for many hairdressers, that is the weak spot.

[00:01:33] Maybe that's because we're generally creative thinkers and good with our hands and we focus our businesses more around the idea of building relationships and delivering the client experience. And so our focus is more on the emotional world of hairdressing rather than the rational world of business. And so as a result, we're not always as comfortable when it comes to numbers and good financial management. Now, none of what I've said applies to everyone. But after having worked with many hairdressers over the years, as a generalization, I'd say it is true to say that financial management is a weak spot for salon owners everywhere. So, let me ask you a question. Why do many salons or small businesses in general, not survive? Well, in the case of the hairdressing industry, I've never heard that a salon closed because they weren't capable of cutting or coloring hair. Now the reason that most businesses don't survive to reach their 10th birthday is almost always to do with money and specifically the lack of it.

[00:02:44] Now just to be clear, I'm not talking just about the one or two person salon startups. I'm also talking about the biggest salons and even the big salon chains fall by the wayside. What eventually brings them down is nearly, always got something to do with money. Now sometimes that is indirectly due to the changing needs of consumers and employees and the salon owners have simply refused to keep up with the changes. And so as a result they slowly but surely continue to lose staff and clients and eventually the business becomes financially unviable, and so they close up and walk away. Other times, the reason that businesses don't survive is because of the financial incompetence and that the owners simply don't know what they are doing.

[00:03:35] But more often than not, it's not as dramatic as that. I think that it's usually just a general lack of financial awareness and the ability to recognize what it really costs to run the business. Most small business owners simply underestimate what it takes to build a business and manage the productivity of the team. And the financial resource of their business. And even though they might be good people and they might work long hours for little personal reward. The business simply isn't financially viable, so it doesn't survive. I was talking to someone recently about this and I said something like. If someone who knew how to run a business, but wasn't a hairdresser and who had no training or experience doing hair decided to buy a salon tomorrow. Would you give them a pair of scissors and a tint brush and tell them to start cutting and coloring hair.

[00:04:31] Now, of course the answer is no. And it's no, because the skills they have in running a business are not the skills needed to cut and color hair. They are simply two completely different jobs. But why hairdressers, including me at the time that I opened my first salon with no training or experience of running a business, feel that we can transition overnight from being a good hairdresser to opening a business and assume that we have the skills needed to be a success. Because once again, running a business and doing hair are simply two different jobs. Now, obviously a business person can learn the skills needed to be a hairdresser if they wanted to. And a hairdresser can learn as I did the skills needed to build a financially successful salon business. But if you don't learn the financial and business skills that it takes to build a successful salon.

[00:05:25] Then your business won't succeed. And you will lose a lot of money in the process. The good news is that the salon business model is not an overly complicated business model, meaning that compared to other businesses, opening a hairdressing salon has very low setup costs, not a lot of regulation. And generally speaking, very few barriers to entry. We don't have sales reps and we don't have warehouses. We don't have research and development departments. We don't have clients that are on 30, 60, and 90 day payments, et cetera. What we have is people with a skill, the skill of hairdressing, a location to work from and a business with a constant cash flow. So it's a simple business model. But just because it's a simple business model to understand doesn't mean that it's an easy business model to succeed at. And that's a mistake that a lot of people make. They think, well, how hard can it be? And they think, well, I'm good at doing hair and I'm working for bozo over there. Let's face it. If they can do it, surely I can do it too. And that's where it all begins. You see most salon owners and I'll definitely include myself in this, open a salon unprepared for the reality of running a business. And no more so than in the area of financial management. And so we're forced to learn and learn fast and some do. But unfortunately many don't. I've often said that hairdressers are good with numbers, as long as it's the numbers that they like. For example, the numbers on a tube of color or a bottle of peroxide, or when talking about a depth of color on a shade chart.

[00:07:11] Because those are the numbers that we understand and we feel comfortable with and that we use all day. But when it comes to the numbers used in business and understanding the numbers that matter. The key performance indicators, the benchmarks formulas for working out pricing and how to pay our team and managing outgoings and profit margin percentages. Well, those are the numbers that are more likely to overwhelm us. And so what do many hairdressers do? Well, they roll up their sleeves and they get behind the chair and they bury themselves in seeing more clients. And so their idea of good financial management is based on the theory of if I just get behind the chair and work like hell and hope for the best, then everything will work itself out.

[00:08:00] And then they'll say I'm not good with numbers. My accountant looks after the money side of things. But here's the thing if you were to ask an accountant, what a depth of a level seven was, or should you use 20 volume peroxide or 30 volume? Then those numbers would mean anything to them. Because they haven't learned to

understand the numbers in hairdressing. But as a hairdresser, just like you've learned to understand the numbers used in hairdressing, you can just as easily learn to understand the numbers in business. And if you don't develop good money management skills. Then you will not succeed in business. In fact, it's worse than that because if you don't understand the numbers in business it will eventually destroy your business.

[00:08:46] But it needed to be like that. And for many salon owners, it isn't anything like that. Instead their business is enormously rewarding and fulfilling both financially and in the sense of freedom, it gives them and their families. You know, there's an incredible lightness that comes when you understand the financial side of your business. When you understand the numbers. I'm about to tell you about my money course, but this podcast is not a sell to my money course. It's a plea that you will take the time to understand the financial side of your business, because it is so important. And you really can't just leave it up to the accountant that you visit once a year at tax time.

[00:09:31] When you get a handle on this stuff, your life will change and I know this to be true because I've seen it time and time again. This is not a sell for me this is a plea that if you are a salon owner. That you will make this a priority in your life now. It doesn't even have to be with me. It might be that you pick up the phone and call your accountant or another credible business coach. But knowing and understanding the money side of your business is your most important job. And just know that if you are one of those salon owners that hide from the numbers, that there's an alternative. And that is that you learn to understand and take control of what is going on in your business at a financial level. And that happens when you get the education and understanding that enables you to set up the financial systems that give you the insight and control and take the fear away from managing money.

[00:10:28] Because when you learn to manage the money that is flowing through your business, it will change your financial future forever. And when you do that, I promise you that the freedom that comes with that will change the way that you walk through the door in the morning. We have just launched our money course, which is all about financial management for the salon industry. So if you are like most salon owners and you need to learn the language of numbers and you want to be able to read and understand a profit and loss and a balance sheet, and you

want to know how to price your services and how to pay your people and how to set budgets and how to reduce your overheads and how to increase your salon revenue and so much more.

[00:11:09] And you want to be taught by someone that's actually done it. Then go now to growmysalonbusiness.com/course/money where you will get all the details and you'll be able to find out if the money course is something that would be right for you. As this is the first time we've launched this course, we are only offering it to a very limited amount of people for a limited time until we relaunch it later in the year. So once again, if it's something that you're interested in, Go to growmysalonbusiness.com/course/money to find out all about it. And I'll also put that link in the show notes of this podcast. So bye for now.

[00:11:56] **Antony W.:** Thank you for listening to today's podcast. If you'd like to connect with us, you'll find us at growmysalonbusiness.com, or on Facebook and Instagram at Grow My Salon Business. And if you enjoyed tuning into our podcast, make sure that you subscribe, like, and share it with your friends. Until next time, this is Antony Whitaker wishing you continued success.