

## GMSB 202

[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.

[00:00:28] Hello and welcome to today's episode of the Grow My Salon Business podcast. I'm your host, Antony Whitaker, and as always, it's great to have you here with us today. Thank you for the five star reviews and the compliments regarding the podcast. I do really appreciate it. And if you're one of those people who haven't yet left us a review for the podcast, I would really appreciate it if you took a couple of minutes and did just that. Ratings and reviews are extremely helpful and they're greatly appreciated and they do matter in the rankings of the show as it helps other people to find the podcast. And obviously I also love to hear what's been helpful to you. All you need to do to leave us a review is go to the Apple podcast app, search, grow my salon business, scroll to the bottom of the page and leave a review and you will make us very happy. So with that said, on with today's show, I had an email recently from a rather frustrated salon owner and she said to me, my front desk team are asking for a raise.

[00:01:30] How do I work out what I should pay them? And I thought that would be a great topic for today's episode. So where do we start? Well, let's start by saying that everyone who works in a salon is important, whether that's the new assistant on their first day at work, or the seasoned stylist with a large following of loyal clients who has perhaps been with 10 years. Or the person who runs the front desk. They're all important. They all have a job to do. They're all part of your team. And they all need to be paid well for what they do and as every salon owner knows, the employee costs in any salon are always the single biggest overhead. And at the moment, no matter where you live in the world, there's pressure on wages due to inflation and rising cost of living. As a salon owner, you can, and probably have, over the last three years, put your prices up at least once, hopefully more. Because in most cases, your costs have been rising consistently for the last three years.

[00:02:35] Increasing your service prices usually has a positive impact for the stylists or for those that directly produce revenue. Because now that they're charging more, it generally means that they will generate more revenue with the same amount of clients and that probably means that they will earn more as a result. But that doesn't necessarily follow through to those people in a support role because, well, they don't directly produce revenue. And so, if you're an assistant or an apprentice who is, at the best of times, often just getting by on a minimum wage, is there a positive knock on for them? Well, in some cases, the answer is yes, because the legal minimum wage is rising. But that's not always the case. So, you need to make sure that those people aren't falling through the gaps, but we both know that that's easier said than done. If you're the salon owner, it's your job to balance or control the combined employee costs so that the business can meet all the other overheads and make a reasonable profit which would still allow the business to grow.

[00:03:41] And finding that balance is often the hard part that salon owners everywhere grapple with because there's no set formula that every business should follow that will guarantee their success. Obviously, in most countries, there's a minimum wage level that salons need to comply with. And if you want to attract, motivate and retain good team members at any level, then you also need to take that into consideration if you are to be competitive in today's employment market. And then there's the matter of value. Now, what I mean by that is that although everyone who works in the business is important, the reality is that they don't all add the same value to the business. The busy stylist directly adds a financial value to the business that team members in a support role, whether that's as an assistant, or even front desk staff, don't.

[00:04:35] Now, that doesn't make them less important as people, but it has to be a consideration when you're determining what and how they should be paid. If the employee is an assistant or an apprentice, then inevitably the hourly rate of pay will start at a lower level and gradually work its way up as level of experience and personal productivity increases. And if you're a stylist, then the hourly rate will be more than an assistant. And as a stylist, or a colorist, or a beauty therapist, you're also directly producing revenue. And so, regardless of what form it takes, whether it's a commission, or a bonus, or a higher hourly rate, either way, you'll typically have the potential to earn more based on how productive you are. But what about the person who runs the front desk? What should you pay them, and how can they earn more? So finally, I'm getting to the essence of the question that was sent in because like the assistant, they are also categorized as support staff, and so their role is typically not to be directly responsible for producing revenue,

[00:05:50] Regardless of whether you call the person or people who run the front desk the salon receptionist, or the front of house, or the client liaison manager, or the guest experience manager, or salon coordinator, or reservationist, or maître d and I'm sure there are other titles that you could use, but regardless of what you call them, are they all just different titles? For a job that is in many ways the same now just to be clear in my world they are not necessarily the same job because although they certainly have a lot of similarities for example they're often the first and the last person to engage with the client. They typically handle all the financial transactions and to varying degrees, they're also the communication of the salon. But that's the big question. What should you pay the person responsible for running your front of house? Now, whether it was in my own salons, or salons I've worked in, or salons I've visited as a client, or salons that I've visited as a business coach. One thing stands out and that is that the degree of leadership or authority and responsibility that the front of house person has in the salon varies enormously.

[00:07:12] And one salon it might just be a 20 year old and a small salon with four or five staff who has very little responsibility and who might be lethargically sat at the front desk answering the phone if it rings, checking in clients and then taking their money and checking them out. Whereas in another salon, perhaps with 20 staff, the front of house person might be an immaculately presented and polished professional, confident, charming and proactive. They manage the team and the appointment book. They're managing the team schedules and are responsible for coordinating staff and clients. They're managing the salon inventory, they're looking after product merchandising, they're running the social media and dealing with every little problem

that comes up so that the business runs like a well oiled machine, regardless of whether the salon owner is there or not. Now someone like that might be worth a lot of money to the business. As I said, the same job in many ways, but at the same time, a totally different job. And obviously they require different skills, different levels of enthusiasm, different levels of professionalism and leadership, and different levels of pay. So how do you pay them? Do you just keep jacking up the hourly rate? 20, 30, 40, 50 an hour? And if so, at what point do they become unaffordable? Well, the answer is that there isn't a one size fits all answer. Because obviously, there's a difference between a salon that might have five or six income producers, which I think is often the point where a salon can even start to afford. A full time person in the role of front desk or salon coordinator.

[00:09:02] But a salon that size is a very different level of responsibility compared to a salon with maybe 20 to 30 income producers. Perhaps with a total of 50 or more staff and perhaps generating millions of dollars in revenue a year. So I think that the answer About pay scales, all starts with identifying what the roles, goals and responsibilities of a person with a front of house position will be. And then once you have clarity around your expectations of the roles, goals and responsibilities, then ask yourself What would you call that position? Now you might think, well why does it matter what you call them? The title is just a word, so what difference does that make? Well, calling someone a salon coordinator or a front desk manager, or any title that includes the word manager, There's a totally different thing to just calling them a receptionist. Now there's nothing wrong with being or employing a receptionist. But the level of responsibility and authority attached to the word receptionist is very different to the word salon coordinator or guest experience manager. And that's before you've written a job description and defined what the expectations and responsibilities of the position are. But once you're clear. On the roles, goals, and responsibilities and the title, then the picture starts to form of what the skills are and what experience this person will need.

[00:10:34] And then by virtue of that, the salary that you would need to pay to attract and reward such a person. At one end of the scale, they may well only be on minimum wage. But at the other end of the scale, based on the value they add to the business in terms of how everything they do indirectly and directly. Results in increased productivity and a more profitable business. Then they're going to need to be rewarded for that. I believe that the best way to do that has to be based on the salon's results. Meaning that you don't pay them more just because they're a certain age or they have experience or because they're well dressed, likeable and professional. Although you should take all those things into consideration when determining whether they get the job in the first place, and therefore what hourly rate they should start on, but in order to earn more, it needs to be linked to the results that the salon achieves. An individual stylist is responsible for their results. The revenue they produce behind the chair, the retail sales they achieve, the percentage of pre bookings they achieve, the amount of referrals they generate. But someone in the role of salon coordinator doesn't directly have their own clients. So if they're going to be paid more, then aside from just increasing the hourly amount that you pay them, if that is what you choose to do, but aside from that, The other way to reward them is that instead of an increased hourly rate that it is some form of bonus or commission that is somehow linked to the salons overall results.

[00:12:21] Now, I very consciously keep saying the word. Results. Because results are measurable. Results are a number, and results can be tracked. Results aren't saying, I deserve more because I work really hard, or I've been here a long time, or I'm reliable and efficient and well organized. All those things are great and commendable, but they're just part of the job, and what's expected of them. But results are saying, the salon's average bill was 100, and as the salon coordinator, since you instigated the one to one coaching, or the incentive program, or the product training, it's increased to 130 dollars that's a result. Or saying, the average client count for the salon was 150 clients a week. And as the salon coordinator, since you instigated the customer service training and the referral program, we're now averaging 200 clients a week. That's a result. And so, incentivizing the salon coordinator is saying, the salon is currently averaging Let's say 5, 000 a week in retail. As an incentive, you'll get 5% commission on everything the salon does over and above that amount. Or the salon is currently averaging 50, 000 a week in services. So as an incentive, you will get X percentage of everything the salon does above that amount.

[00:13:52] Now how you choose to reward people financially, whether it's a percentage on achieving over a certain amount or a set bonus, or whether it's based on weekly numbers or monthly or quarterly or annual numbers, well that's up to you. And there are advantages and disadvantages of however you do it. But what's always important to consider here is that as a business owner, that you know what profit margin the business is making. Or at least that you should do. And if the business is very profitable, then you may be able to give someone an unconditional increase as an hourly rate or annual salary. But In most cases. Profits are slim, and so if you're going to pay someone in any position more than it has to be based on an increase in productivity of some description. Will they always like that? No. Some people think they deserve more money without increasing their responsibility or results. Is that fair? Well look, sometimes it might be. If they feel they're currently underpaid for what they do. Now obviously, I don't know the answer to that question for your specific situation, only you do.

[00:15:04] So, if you objectively think that the market, so to speak, would pay them more, then you risk losing them if you don't. And then you have to go through the process of recruiting and training and quite possibly end up paying what would have kept the previous person in that role in the first place. But then the flip side is that maybe you are paying what the market says they're worth. Or maybe more. And maybe they still want more. Well, what then? Well, That's when you have to make a decision and you have to ask yourself, are they worth it? Could they be worth it if they took on more responsibility? Could they be worth it dependent on the business achieving certain results that they're responsible for driving? Or could you get someone else to do the same job for less? Unfortunately, there's never one answer that applies to everybody. Sometimes you simply have to say no. And sometimes you might make an offer that is dependent on the business achieving certain targets, that they have partial responsibility to achieve.

[00:16:09] Might they leave if you do that? Yes, they might. But there is a point where you know that regardless of how good you might think someone is, But the business can simply no longer afford them. And if you don't give them what they want, then yes, they might leave. And that's a risk that you have to take. And sometimes they will

leave. And you'll have to go through the entire recruitment and training process all over again. And another point to consider is that if they do have great customer service and management skills, and they are great team leaders, and they do coach others, and all that other good stuff, Well then you're not just competing with other salons for this person. You're competing with the retail and hospitality and even the entertainment sector. Because for the right person, these skills are in demand. And so they might simply outgrow your business. And end up in a completely different sector than hairdressing. So, how do we wrap this up? Well, I know of many front desk or reception staff that are paid either the minimum wage or slightly above it.

[00:17:18] But I also know of others who are paid way above that. But in every case... with that increase in their personal earnings is an increase in responsibility and accountability for the salon achieving certain results. So, as a salon owner, let's go back to what I said earlier. And that is that you need to start by being clear in your own mind about the role that you want this person to take on. The measurable goals or the results the person in that position is expected to achieve. And the range of responsibilities that they will have. Then once you've done that. Then decide on the title for the position and what the base salary would need to be to attract such a person and what sort of incentive package they could potentially earn upon the business achieving certain results. So for the listener who sent in that question, I hope that that's given you some clarity about the best way forward. So now we need to start wrapping up this episode. Next week I have another great guest for you, but before you go, I just want to remind you that we have multiple free resources on our website, from our weekly podcast to the two minute salon manager videos, as well as our paid for resources, whether it's our books, our one to one coaching or our online courses.

[00:18:42] Now, relative to today's podcast, there are a couple of resources that I want to point you towards. The first is my books, particularly Grow 2 Management and Grow 3 Team. A lot of what we've discussed comes from content based in those two books. And shortly we will be relaunching our online money course, where we'll go into a lot more detail about building your business from the ground up and creating the culture and the financial systems that you want. So keep an eye out for the launch date on that. If you want to find out more about us and visit us at [growmysalonbusiness.com](http://growmysalonbusiness.com) or on Instagram again at [growmysalonbusiness](https://www.instagram.com/growmysalonbusiness) and I'll put those links in the show notes for today's podcast on our website.

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