

## GMSB 209

[00:00:00] **Antony Whitaker:** 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] **Antony Whitaker:** Hey, it's Antony here and welcome to today's podcast. Hairdressing is often seen as a young person's industry and I don't have any data on it, but my guess would be that the average person in this industry is probably in their late twenties or something close to it. Now, on one hand, that's a bad thing because it's reflective of the high turnover rates of staff in the industry who then go on to do other things.

[00:00:54] **Antony Whitaker:** But on the upside, for those that stay in the industry, being surrounded by younger people keeps you exposed to new ideas, new ways of thinking and new ways of looking at the world. But having said all that with age comes experience and wisdom. Now of course there are exceptions to the rule where you meet people who are stuck in a time warp and maybe should have got out a long time ago.

[00:01:17] **Antony Whitaker:** But then there are others who have the ambition, the foresight, and the courage to continually evolve and reinvent themselves. And that is a secret I believe, of surviving long-term in this industry. My guest on today's podcast is one such person. He is Sam Brocato from the New York based salon bearing his name.

[00:01:39] **Antony Whitaker:** And in today's podcast, we will discuss how Sam sees the industry evolving, how technology has impacted on his ever evolving business, the changes in salon business models and product distribution, and lots more. So without further ado, welcome to the show, Sam Brocato.

[00:01:58] **Sam Brocato:** Hi, Antony. Thank you for having me. I'm excited to be here and, uh, comfortably sitting at home in my apartment in New York. So it's nice and quiet so we can share some good, good energy.

[00:02:09] **Antony Whitaker:** Good. Well, it's great to have you here as, as I was saying before the call, I wanted to head you on for, for a while. So it's good

that we've finally got this opportunity to hook up. Um, now Sam, a lot of people, obviously in the United States, a lot of people will know who you are, but I think I said to you before we hit the recording button, we get a lot of listeners from all over the world who perhaps don't know who Sam Brocato is.

[00:02:30] **Antony Whitaker:** So can we just start off with an overview of you and your backstory? So who is Sam Brocato? Give us your two minute backstory.

[00:02:38] **Sam Brocato:** So I started, uh, cosmetology school. I'm a native of New Orleans, Louisiana. 1972. I graduated, went right to work in the salon, and I've never done anything else but do hair. I started traveling in the early 70s, going over to mostly London, but a lot to Paris, and two to three times a year, [00:03:00] running around with all the greats of the haircutting world in the early 70s.

[00:03:03] **Sam Brocato:** I opened my first salon. I built a huge company with 200 employees and sold that company in Louisiana in 2000. And my wife, Holly, and I have two kids. Moved to New York in 2000, just in time for 9 11, uh, after 9 11, then in 2008 we opened a salon, which is 15 years old now, in Soho, in New York City, we have about 50 people on staff, uh, we're a departmentalized salon, and I also am a formulator and a product development person, I've been making products since Right around 1988 89.

[00:03:35] **Sam Brocato:** And so, I sit here today still doing hair. I did a few clients yesterday. I'll do a couple maybe tomorrow and just loving the industry and just staying on pace with what's going on and just in love with. I'm a member of Intercoiffure. I'm becoming one of the longest term members of Intercoiffure.

[00:03:53] **Sam Brocato:** I'm on the board of Intercoiffure and really worked very hard to make sure that the business belief That we have as a group and my own individual business bullets are spread throughout the industry to continue to enrich everyone that comes in the industry and people that have been around and don't quite know what they're doing.

[00:04:11] **Sam Brocato:** They don't, they don't know where to plug in to get that information.

[00:04:16] **Sam Brocato:** So anyway, it's great

[00:04:17] **Sam Brocato:** to be here.

[00:04:17] **Antony Whitaker:** All right. Well, that's a, uh, you know, a really good example of what I was just talking about in the intro that, that, you know, there's people in this industry that have been there a long time and the secret to their success is the fact that they evolve and reinvent themselves and that's certainly something that, uh, that you've done is you've just sort of touched on so many different areas that you, uh, are involved in and continue to be involved in.

[00:04:41] **Antony Whitaker:** So let me ask you this question. We'd jump straight into this one here. What is the biggest challenge that you see in the industry today? Because like me, you've been in the industry a long time. You've seen the industry change and evolve. And, um, you know, sometimes. You look at people that have got that sort of level of experience where they've been in it for 30, 40 years, like we have, and it's easy to look at them and say, you know, they're outdate, they're old school.

[00:05:07] **Antony Whitaker:** But the reason we've survived is that we reinvent that we, you know, we have some wisdom and we've learned some lessons along the way. So, um, over to you, what's the biggest challenge that you see in the industry at the moment?

[00:05:21] **Sam Brocato:** Well, like I've always said to people that, uh, obviously the, the biggest piece of the, of the downside of the hardest are the people themselves, customers, the guests that come in the salon, they're easy, but when it comes to the actual teams of people and the, and the people that actually work in our salons and then we work side by side with a lot of times, I think our biggest challenge is we just get an.

[00:05:43] **Sam Brocato:** Between our ears, we get inside our head so much. There's so much drama and when you tell someone that's really young that and try to explain it to 'em, you really have to tell 'em over and over again, here's what's actually happening. 'cause they don't really necessarily get it on the first time 'cause they don't have a reference.

[00:05:58] **Sam Brocato:** They don't go, oh, this looks like that where you and I can go, this looks like that five times over through a 50 year career. So, um, in more specifically in the US I mean, The whole thing with suites and booth

rental, that kind of thrown a lot of people off. A lot of people reacted to that. And I'm a real big believer in pausing.

[00:06:19] **Sam Brocato:** You know, you get the stimulation, three people walked out or five people with the suite, but then all of a sudden you go pause and wait. And wait, let the chaos spin and look for the point where you plug in and then you respond. So I think we don't have a level of calmness and maturity on a widespread scale throughout our industry.

[00:06:43] **Sam Brocato:** But with that said, in the US. We are been over the last three or so years joining all the different pieces of the of the industry together and meeting I just had a meeting a month ago and it's like with the nail people the skincare people the massage people the hair people The chain salons where I'll sit around a huge table and we're discussing How do we get this better as a group?

[00:07:04] **Sam Brocato:** So whenever COVID happens or whatever happens, we're really here to elevate it all. So on one hand, I'm super optimistic. I, I think this is a great, a great moment for us as an industry in some ways, so I'm super optimistic, but I do think there's some misinformation that's happening. I think we get it.

[00:07:24] **Sam Brocato:** Prayed upon used to be, you know, you have a shopping center trying to get you to open this on and now you have, you have a, you have a suite, a group of suite renters, or not the renters, but the lease owners that are going after 100, 200, 500 wholesale single hairdressers at a time, which many of them are in lawsuits today because they didn't stay up on the lease.

[00:07:48] **Antony Whitaker:** Okay.

[00:07:49] **Sam Brocato:** that causes some, some shaking at the foundation and we need to settle those things in.

[00:07:54] **Antony Whitaker:** Yeah. Yeah. Okay. So when you, I mean, I think we, we, you know, both recognize that the suite model certainly has a place in the industry. I

[00:08:03] **Antony Whitaker:** mean,

[00:08:03] **Sam Brocato:** hmm. Yeah.

[00:08:03] **Antony Whitaker:** technology today and, and, uh, you know, changing generational attitudes, it certainly has a place in the industry, but I think, you know, I don't know what your feelings are about this, but my thoughts are that.

[00:08:15] **Antony Whitaker:** As well as the fact that there is a place for the suite industry, there is very definitely a place for the traditional commission-based salon that gives people more of a career path and is building a bigger business. But I think one of the things that have, you know, made the commission-based salon, um, vulnerable if that's the right word over the last, you know, 10 or 15 years is that it had got tied in a lot of cases and that the commission-based salons also need to evolve.

[00:08:45] **Antony Whitaker:** And I think that what's been happening with this sort of avalanche of people wanting to go independent is it's forcing commission-based salon owners to evolve and to look at that business model and go, okay, how can we change this? So, um, talk to us about that. How, how has your business evolved and how do you see the, you know, the commission-based salons need to evolve going forward?

[00:09:08] **Sam Brocato:** Okay. So one tiny digression. I think that suites can be incredible incubators for future commission salons.

[00:09:15] **Sam Brocato:** I believe that I see it. I hear it. I have people tell me that I think for for my own experience, having been a salon owner for so many decades, um, and and really forced myself to try to be at the forefront of what's going on on an avid Learner.

[00:09:32] **Sam Brocato:** I'm shifting rapidly from being interested in. I'm not interested in information. I'm interested in intelligence. I want real pure intelligence. It's actionable to intelligence because there's so much information. It just overwhelms us today. And so the thing that I do is I literally, I literally walk through the salon and sometimes people say, what are you doing?

[00:09:54] **Sam Brocato:** I said, I'm imagining and I will go in at the front door. I'll go to the desk. I'll go into the backwash area. I'll go wherever in the color department and I imagine what could we apply from what I read and learned

in the last few days about technology. And a customer service, whatever it may be. So just before we got on this call, I text my, my, uh, Savant IT guy who, who came into America, the very young man from Nepal and been like a child to us.

[00:10:29] **Sam Brocato:** And so he knows my business really well, although does it work inside of it. He's coming tomorrow for a brainstorming session, and we're going to spend a few hours specifically on the way to execute or leverage what's going on with AI. That's going to be our specific focus tomorrow. So I, I think that from a standpoint of how we change, change is something that comes obviously from the top.

[00:10:54] **Sam Brocato:** You know, people often will stop me and say, you're doing something really right here. They'll say that to our manager, they'll say to my wife Holly, you're doing something really right here. But why would they say that? Because we're still cutting a straight line.

[00:11:08] **Sam Brocato:** We're still, you know, we're doing a beautiful color.

[00:11:10] **Sam Brocato:** We do all those things and, you know, in Iceland, they like the little bit of stardust when they see maybe a A list, uh, actress or someone. But what is it we're really doing and how is it we're staying relevant? Is we change the experience. When they walk in the door, they know someone is keeping this ecosystem alive.

[00:11:32] **Sam Brocato:** Things are growing and it could be a plant, literally.

[00:11:35] **Sam Brocato:** Um, it could be a change in just one wall. It could be the movement of how our products are on sale and how the place, it could be the fact that we just installed this amazing, uh, photo studio. Where we have a full blown photo studio with a master photographer who's taught some of our people to do aftershocks.

[00:11:54] **Sam Brocato:** We still do the booth. We do the ring lights and all that. So I think that a lot of it is it's about constantly gathering intelligence and being a leader and separate enough that you that you're thinking about how to apply it. With no drama, no fear, no pushing people. Like, you know, you read about the Amazon company saying, no, you got to come back to the office.

[00:12:19] **Sam Brocato:** You know, it's just to stay in tune. I find it to be fluidity. This is a lot more important now and a lot, a lot more. Our business is good. I mean, I

[00:12:30] **Sam Brocato:** I, hear people say awful things about New York. I'm looking around going, that's not us.

[00:12:35] **Sam Brocato:** That's not what we're experiencing. It's just not. Do

[00:12:38] **Sam Brocato:** we have home? Yeah, we have.

[00:12:40] **Sam Brocato:** Challenges like everybody else to be in the town in the city, but we don't have those challenges. I mean, almost once a week. I get a welcome. Oh, the new assistant in the cutting department to our team. I get to 1 yesterday. 1 the day before because people coming in.

[00:12:58] **Antony Whitaker:** Okay. So in terms of, I get it how you're always evolving that client experience, which is part of it, what about the other part of it with your team? How do your, you know, the buzzword today, when you talk to like, if you, we touched on suites and if you talk about young people and you say to them, like, why do you want to go independent?

[00:13:19] **Antony Whitaker:** Why do you want to go and work in a suite? The words, the most common word will be flexibility. Um, you know, they want flexibility, they want control and they, uh, think they're going to be able to keep all the money. and you know, they soon learned that they don't get to keep all the money.

[00:13:36] **Antony Whitaker:** Uh,

[00:13:36] **Antony Whitaker:** yeah,

[00:13:36] **Antony Whitaker:** they have, yeah, yeah, they have some control.

[00:13:39] **Antony Whitaker:** Uh, but now they're answerable not to a boss and they're answerable to a landlord and they're answerable to, you know, a bank manager, et cetera. so no one has. 100% complete control. There's always people that we're answerable to. But let's talk about that flexibility piece of the puzzle.

[00:13:56] **Antony Whitaker:** Um, because a lot of commission-based salons are, [00:14:00] are looking at, okay, if people want to leave because of the perception of there's no flexibility working in a traditional based salon,

[00:14:07] **Antony Whitaker:** um, commission-based salons are having to go, okay, how can we make. Our business more flexible for our team so that they realize they don't have to leave to get this flexibility around their schedules and that sort of stuff.

[00:14:20] **Antony Whitaker:** Have you, have you done anything in your business to sort of, you know, integrate that more into, um, how staff work?

[00:14:28] **Sam Brocato:** Well, I'd answer that and start by saying be flexible. Really be flexible. Giovanna, who is a wonderfully talented person that's been trained massively to cut and blow dry just fabulous work. She works maybe one or two days a week and does beautiful work and we love having her there. So be flexible and really give up the schedules.

[00:14:50] **Sam Brocato:** It takes, uh, it takes five people to do what usually one person on the schedule used to do. I think one of the differences is the perception of leadership and how closely we're being watched. You know, my son said something to me the other day. About something that happened 25 years ago, and I said, you remember that I had to do it.

[00:15:09] **Sam Brocato:** Well, anyway, I was like, you remember that he goes. Yeah, dad. I remember exactly. So you're being watched to the mentor. So I think that it's important that you that you keep in mind that you're sending this constant message out the old Sam. I was interested in the American dream of capitalism and scaling.

[00:15:31] **Sam Brocato:** I'm still interested in the scaling, but I want to scale the culture and I want a message to everyone in there. Our culture is one of flexibility, transparency, constantly finding a way to fine tune, you know, how the business is run so that we're optimizing our ability to. Uh, share the wealth with everyone and knowing that my job as a leader of the salon is to constantly focus first on the people that work there.

[00:16:01] **Sam Brocato:** And I mean, it's just some of that stuff. We message it through our eight meetings a year. We do them, in the salon. We do them live. We have very specific agenda, uh, four or five pages typed out exactly what



we're going to talk about. And we message the things we want them to hear. Uh, in 15 years of being here, and I probably shouldn't say this, I'll jinx myself, but in 15 years of being in Manhattan, we only recently, about eight months ago, had some people, a few people, leave and stay in town.

[00:16:30] **Sam Brocato:** Everyone that leaves always leaves and moves away because they just can't take it. They're tired and worn out by New York City.

[00:16:36] **Sam Brocato:** Um, so when people say New York's tough, it's extremely tough, but it's also has a unique sort of shield around it because

[00:16:44] **Sam Brocato:** once you get your energy and your culture and things flowing correctly, you just have to show up and make sure that you're constantly polishing that old thing, keep it operating and always looking around and listening to people.

[00:16:58] **Sam Brocato:** around you talking to people, the salon owners, other salon owners. I'm friendly with about seven salon owners that are all in my area. We're constantly texting each other, you know, about this and that. And so I just think that it's, you have to be really plugged in. And listening. On one hand, you're listening to everything that's outside of the salon that your team may be reading or hearing and knowing about.

[00:17:23] **Sam Brocato:** And then on the other hand, you're inside the salon culture and listening and understanding what their needs are. And don't let someone leave and let it not be a lesson. What a shame, you

[00:17:35] **Sam Brocato:** know, that someone would, and don't have, if someone leaves, not wish them well. how could there, could we do that?

[00:17:42] **Sam Brocato:** I mean, I left my job and, and so who am I to say? I don't want to be a hypocrite. You're going to have people leave, um, but you just have to keep it honored and fresh. and finally I'll say this. Be damn careful who, who has the ability to walk in your front door that's not paying customer

[00:18:00] **Antony Whitaker:** Meaning staff, meaning be careful who you employ.

[00:18:03] **Sam Brocato:** yes, definitely be careful who you employ, but I'll give you an example. We had a little thing yesterday with a scissor, a person selling

and promoting scissors. And the bottom line is the person terrible representation of professionalism, not necessarily towards us, but in that person's own presentation.

[00:18:22] **Sam Brocato:** So it could be someone in sales. It could be someone in distribution. It could be someone in education. I mean, we are extremely cautious about who we allow to come into our ecosystem. And because we, you know, I say this, Antony. And I know that some people think I'm an arrogant S. O. B. I don't need hardly anything.

[00:18:42] **Sam Brocato:** Anybody else has to offer that I don't do self discovery on and with my team on behalf of our culture. I don't. You know, when someone calls and, you know, I get a information from some big company, we've got some special things for you. I'm like, I just don't think I need it. If you want to send me what you think that is, I'll look at it, but I don't think I need it.

[00:19:04] **Sam Brocato:** What I need is I needed devoted customers to a beautiful brand and a team of people that come in, given it all live as long in the culture as they can and leave it better than they found it when they got there and we will all be fine because we're constantly learning from each other and growing and moving forward.

[00:19:21] **Sam Brocato:** I've done that for 54 years and I, you know, every time I'd say, I think I'm slow down and stop. I just keep, we just keep going. Holly and I look at each other and go, what the heck? Let's, let's, let's sign on another year or two years.

[00:19:35] **Antony Whitaker:** Yeah. Yeah. 54 years. What the heck?

[00:19:38] **Sam Brocato:** Yeah,

[00:19:38] **Antony Whitaker:** Um, all right. So aside from the salon side of things, uh, anyone who knows Sam Brocato, uh, knows that there's a very strong affiliation between you and Intercoiffure. Um, Intercoiffure, you know, great organization all around the world, but just like a salon, it ages.

[00:19:58] **Antony Whitaker:** And the challenges, I mean, I'm not, I was actually, when I had Salons in Australia, I was part of Intercoiffure then for a while. Um, but I'm not a member of Intercoiffure now, but I I've always

recognized that the challenges that any organization, just like a salon has is. Staying relevant to a new generation, staying younger to a new generation.

[00:20:19] **Antony Whitaker:** So what about organizations like Intercoiffure? How do you see them evolving over the next, you know, 10, 15 years so that they do stay relevant because they play an enormously important role in the salon industry and you sort of touched on something before you said. I pick up the phone and I talked to several different salons.

[00:20:42] **Sam Brocato:** Yeah.

[00:20:44] **Antony Whitaker:** and it's that word community and Intercoiffure about community and it fills a very, you know, positive sort of role in the salon industry. So just talk to us about that, how you see organizations like that evolving and what their, you know, relevance is in the industry today.

[00:21:03] **Sam Brocato:** Well, you know, I, someone told me the other day, he said, quote, Intercoiffure is on fire right now. And I went, Oh, great. I'm glad to hear that. The US chapter where we're really, uh, have a lot of new members coming in. I think there's a misunderstanding about Intercoiffure relative to some other associations.

[00:21:21] **Sam Brocato:** We don't want, or I shouldn't say we don't want 700 members. I don't know that there are 700 members that could sit around the table and agree upon the same things that we agree upon because we have some very specific things that we want to see done. And that's probably most importantly, we're run like a traditional business in that, um, we have employees.

[00:21:42] **Sam Brocato:** That work for us and that work for the company. So we're probably, you know, I think we're around 225 members representing how many tens of thousands of employees right now. So we're in a really nice spot. We will continue to grow and lose, grow and lose. [00:22:00] And yeah, we will. But I think the thing to keep it young is keep a fresh group of people coming in, listening to their opinions, and which we do.

[00:22:07] **Sam Brocato:** All the people, the new people. Coming in for 90% of them are 30 years old, 32, you know, in that age range. And, um, for me personally, because I am on the board and I have been on for a little while,

that's part of our goal is just to make sure that we're staying relevant, giving great business information.

[00:22:25] **Sam Brocato:** and we have an event coming up in October. We're going to be in Chicago together and we have, we're scheduling two separate. Sessions for our board to talk about how dynamic the moment is in the industry itself. We're gonna be from Saturday morning from 8 to 2 and Tuesday from 8 to 2. And that's not typical for us because and it isn't because the problems.

[00:22:46] **Sam Brocato:** It's just that we feel that there are massive changes happening and we want to make sure that our organization is staying at pace with them. Um, so and we, you know, I feel strongly that there needs to be more and more organizations. And I said to you earlier, we're sitting around the table with seven or eight different groups and the heads of those groups, the male people, skin care, the massage people, and we're sharing as much information as we possibly can, whether it's on licensing, um, Because, you know, in the U. S.

[00:23:15] **Sam Brocato:** you have a license in every, all your different states. Um, we're trying to get it where your driver's license is like your salon license. You can go anywhere and work. Um, I have a son that's been licensed in five states in the hairdressing. It's a pain in the butt to do it. So I think that, you know, what we're learning is there are a lot of people coming to us and, and they're trying to understand how.

[00:23:37] **Sam Brocato:** You're only like your third gen, a lot of people, like third, fourth generation of family members that are running this prosperous business in Pittsburgh or in Philadelphia, in Atlanta, wherever it may be. How has that happened? That's not an accident. Yeah. There are times where it gets a little moribund.

[00:23:53] **Sam Brocato:** It gets a little, you know, drudgery, but then all of a sudden there's this spice of youth and new people coming in and we're very aware of that. So that's part of our goal is to make sure that the old guys and girls step aside. And let, let the new people step in. Um, but we do hold steady to the core belief that we would rather have a salon with 15 to 30 people in it.

[00:24:17] **Sam Brocato:** And that is a good, healthy, cultural situation, um, for everybody involved, opposed to just being independent booth runners and suite runners.

[00:24:27] **Antony Whitaker:** Okay. I mean, I've, I know a little bit about Intercoiffure. I certainly don't know a lot about it, but one of the things I noticed in the United States is that Intercoiffure is stronger than it is in a lot of other countries. Um, I'm curious as to why you think that is like, like, why is it, I know you still grapple with the same issues, but it does seem to be stronger there.

[00:24:51] **Antony Whitaker:** Is it because there's more of a business focus?

[00:24:55] **Sam Brocato:** Yeah, uh, in large part because so the meeting will have, uh, in a few weeks. I just signed up yesterday, but it will in in Chicago. It'll be 80% fashion, beauty, hair, styling, very membership driven. One of the things that we're getting back to the members spending more stay time on the stage. Showing and telling each other and we bring in some guests.

[00:25:18] **Sam Brocato:** Um, and then the spring one is totally business. We don't want to bring people that are stylists or anything. It's all about managers and owners sharing really good, pure knowledge about what we're doing. We have an open door policy amongst us all. If someone wants to come visit, if someone needs to have a phone call or whatever, Wide open for that and it's been that way forever.

[00:25:42] **Sam Brocato:** And, you know, Antony, in 1977, I went to Atlanta to visit Jamison Shaw and I was a hot shot, you know, I had long hair, I was cutting, I was busy as hell. I thought I was just the best. So I was doing 400 a day behind the chair and Sarah, uh, uh. James's wife says, Sam, come here. Look at this. And she has the old machine where she taps in the numbers and just pulls a little lever down and holds up thing.

[00:26:09] **Sam Brocato:** And I never forget looking at that. And it said thirty-nine hundred and eighty dollars or whatever it was. And she looked at me and she said, Sam, that's just. Jameson for one day,

[00:26:21] **Antony Whitaker:** Yeah. And that's in when? 1970.

[00:26:24] **Sam Brocato:** 77

[00:26:26] **Sam Brocato:** and I went, my head just,

[00:26:28] **Antony Whitaker:** Yeah.

[00:26:29] **Sam Brocato:** so part of what happens inside of Intercoiffure is they're the nuggets of people that are like, nah, you know, it's actually, this is, you know, this is the way it is.

[00:26:39] **Sam Brocato:** And by the way, I won't name names, but we just recently had a couple of the most elite. American, not American born, but American longtime super stylist, salon owners have reapplied to join or rejoin us. And it's because there's an understanding, and we see this through a lot of the [00:27:00] business education like what you do.

[00:27:01] **Sam Brocato:** I mean, there was stuff that you're doing. It's just amazing to teach people how to read those numbers. You have to read the tea leaves. And I think part of what I'm going to call for here, we're not trying to claim to be that. We're more about saying, oh, this is Sam's financial statement. And here's how he's controlling cost of goods or the front desk or whatever.

[00:27:20] **Sam Brocato:** We're not trying to create necessarily. Strict business measures. That's what, you know, people are you to do. That's what we love. But we are trying to say that your bottom line is 3% and our average bottom line is 14%. There's something in there that that's a disconnect. I'm using those as general numbers, but those are probably not too far off.

[00:27:42] **Sam Brocato:** and there's also in the coffee or there's a measure of maturity that has to deal with anyone. That's not one of us. So when I started in it, nobody came inside the meeting that wasn't a salon owner, part of the inner sanctum. Nobody, no manufacturing, nobody, nobody.

[00:28:00] **Sam Brocato:** And we're moving a little closer to that to a certain degree.

[00:28:04] **Sam Brocato:** And the reason is because. We offer a lot of value to manufacturers by way of interacting with us, but we can't do it if they're trying to hold the stick and guide everything all the time.

[00:28:13] **Sam Brocato:** So we're very cautious about that. And I'll close with this comment about it a couple of other than I just think it's a wonderful organization.

[00:28:19] **Sam Brocato:** That one moment I've said a million times, that one moment where I saw what Jameson was doing, that changed my trajectory of income and finances. Forever forever So we're really building a foundation for a future and. Um, and and now that the leadership in Mondial in in Paris has changed, this is just an exciting time for us. We're really collaborating more on a global scale.

[00:29:25] **Sam Brocato:** Um, and I don't think people see us as much as, you know, those Americans, you know, they're also full of themselves, which is actually historically very true. No doubt about it. I, you know, I

[00:29:39] **Sam Brocato:** didn't understand it a lot when I was younger, but now I got it. I got it. Anyway.

[00:29:46] **Antony Whitaker:** Um, so many things there to go back to, uh, one of them was you and I used to speak on Clubhouse during, uh, on COVID. We had some great conversations on Clubhouse. Um, and. One of the things that I, I [00:30:00] remember talking about was product distribution, um, on a, on a clubhouse, you know, meeting that we had, and it was quite a really good discussion.

[00:30:08] **Antony Whitaker:** It was about the time where, um, Amazon was starting to get involved in product, uh, distribution. But before I, before we talk about that, I want to come to that in a minute. Um. I've, I've always remembered that every time I talk to you, you talk about education and your own education and I know you take yourself off and you go to university and you do courses and you, you know, you're always learning and, and that's, uh, about stuff that is, you know.

[00:30:35] **Antony Whitaker:** Obviously there's relevance to it, but I know you've done education. You've done branding courses. You've done all you, you go out, you don't just sit there behind the chair and hope that business is going to grow. That you're always evolving as an individual and always taking time out of the salon to educate yourself.

[00:30:52] **Antony Whitaker:** Just talk to us about that first. And then I want to come back to that, that thing about product distribution and, and Amazon and how you see the future of that.

[00:30:59] **Sam Brocato:** Yeah. So, one of the things I used to talk about a long time ago is that, uh, is I have to burn, burn the bridges and sink the ships, get on the island of beauty and stay there. That, that's my world. And, and so I always look forward and I say, okay, you know, when will I retire? What will I do? What will the next.

[00:31:16] **Sam Brocato:** 10, 20, 30 years look like. So part of my education has to do what I call the sitting down effect. I'm not going to stand there. You know, yesterday I saw one client. I did Aaron's hair. I sold a great retail. She loved her hair. She just really loves. She's I love coming here. All beautiful. I love that. I feed off of that, but I can't feed off of that a lot, lot longer.

[00:31:38] **Sam Brocato:** My body just would like not do it. So my education is based on what will feed my soul and my professional life for in perpetuity forever, until the day I die. I mean, so, uh, during Covid I spent 350 hours online getting certified as a organic certified formulator of haircare skincare. I did additional branding courses, which I've done, f i t here.

[00:32:05] **Sam Brocato:** Branding courses. Um, so, I did on, uh, global entrepreneurship brand, certificates. Those are the things that I work on now. I'm able to not only continue to make and grow in that direction, I can sit down and write a recipe out and actually mix stuff up and sell it. And enjoy the process, enjoy the income, and I don't have to stand up to cut hair and do it.

[00:32:31] **Sam Brocato:** Not that I don't want to cut hair. Anybody can tell you that's my happy space still, which,

[00:32:35] **Sam Brocato:** God, so anyway, education to me is just, as I mentioned, there's a, there's a very important nuance that I'm right in the middle of it. I don't want information. I want intelligence. And I think that part of that is, maybe we'll get to that in a minute, as it relates to some of the changes that are going on in the world.

[00:32:54] **Sam Brocato:** Information is, oh, hurry up, Google that. And so you'll say, you know, I'll figure that out. But now, the answer is, oh, I know that now. I know that now because I know where to go to get a really, really pure



answer. Very intelligent. Intelligent information, to me, is a really, uh, important piece of the transformation of an individual, and, and which is our business is, I am my business, and my business is me,

[00:33:25] **Sam Brocato:** you know, and I'm lucky right now.

[00:33:27] **Sam Brocato:** And again, we don't want to, we don't want to scale. We don't want to own more salons. You know, the only way I'd get involved is, let's say you put together eight or 10 salons and you sold them as a group.

[00:33:38] **Sam Brocato:** Participated in that type of thing.

[00:33:40] **Sam Brocato:** Otherwise, I'm looking at succession and that sort of thing and all those things caused me to have to continue to stay out there doing the research, talking to the people that have, you know, either, stayed with their businesses.

[00:33:54] **Sam Brocato:** Maybe they sold some of their business or they sold controlling interest, but they kept their finger on it. Uh, so those are the kind of things that drive me when it comes to education. I've always been just Just super curious.

[00:34:08] **Antony Whitaker:** Curious. Yeah. That's

[00:34:09] **Sam Brocato:** it's curious. It's curiosity. You know, I don't always do a lot with it, but it's like, it's like taking a pan and going into dirt and little streams and you find one tiny little piece of gold.

[00:34:20] **Sam Brocato:** Well, that little tiny piece of gold is, you know, it's pure gold.

[00:34:25] **Sam Brocato:** It took me 10, 10 pans, but I got it.

[00:34:28] **Antony Whitaker:** That that's, I had a conversation with someone the other day. I should, it was with my wife and I was saying to her. That we were talking about somebody else, um, nothing to do with the industry. And we were saying, you know, the thing that that person lacks is ambition and.

[00:34:46] **Antony Whitaker:** Like, like, cause they're not short of opportunity. They're not, short of, you know, resources and stuff around them, but there's no ambition.

[00:34:54] **Antony Whitaker:** And you know, it's like, it just was, was that real sort of bam for me of like the most important gift you can have in life. It's ambition to want to be and do something more than you are.

[00:35:08] **Antony Whitaker:** And like, again, when you would just talk and then, and you said curiosity and that's it, it's having curiosity about how you can do this better. And you've just given so many examples of that. So let's go back into that product discussion thing, uh, briefly, because as you've said, you can go and mix up your own products and stick them in a bottle and actually sell them.

[00:35:28] **Antony Whitaker:** And you're on that process from beginning to end because you were curious enough to become educated about that, um, product distribution. Is changing just like salon business models are changing. Uh, what are your thoughts? And you're a player in the market. You have your own product line. what are your thoughts about the future of product distribution and how it's evolving and changing?

[00:35:51] **Antony Whitaker:** And, and it has to, because as you have all this technology, it will always find different ways to, you know, products will find different ways to market because of it. So, uh, um, over to you.

[00:36:03] **Sam Brocato:** So first off, I think that, that one of the most valuable things and the reason I think that the salon industry, the professional and to a certain degree, the professional distribution systems. We are the future of luxury. The human touch is going to become ever more important. I don't want to get rid of my front desk.

[00:36:21] **Sam Brocato:** I want to augment it. I want to fine tune it. I want more touch, not less touch. I could find two points. I could either shave off the, you know, onto the bottom line by getting rid of that. I don't, that's not how I'm looking at it. I'm saying, how can I optimize the humanness of it all? So how that relates to distribution is, I personally think that there's Traditional, distributor, it's going to stay in place to a point, but it's like you're hearing over and over again, AI is not going to take

[00:36:51] **Sam Brocato:** Your distribution job. It's someone that's using AI that's going to take your distribution job. It's someone that's leveraging AI to the betterment of their front desk, not trying to get rid of these wonderful people that are just complete, painfully human sometimes yeah. So to me, I don't think that'll go away, but I do think that we're at the dawn of a time.

[00:37:13] **Sam Brocato:** We're making something and I'm not, I'll pick on someone really big. Let's say, like, maybe L'Oreal because their numbers are so massive

[00:37:21] **Sam Brocato:** and they can make something for a dollar, sell it for \$8. And then it sells again for \$16, and then it sells again for double that out.

[00:37:33] **Antony Whitaker:** Hmm.

[00:37:34] **Sam Brocato:** Somewhere between a dollar and \$8, there's gotta be more.

[00:37:39] **Sam Brocato:** And so, there's, so one of the things that bothers me about the traditional distribution, and even the whole manufacturer thing, and I just did an experiment, by the way, Antony, I did it for six months, I gave up. 30% commission, dollar one, anything sold in the salon, and it was the 80 20 rule. 20% roughly took advantage of it, 80% didn't.

[00:38:02] **Sam Brocato:** I'm not finished with that because I know the margins afford it. They afforded it, all the large companies. They can tweak those margins and now they're changing their business models where what 10 people used to do now, they're going to do it with two and three. Then you get even better margins, you know, if you're watching the business news.

[00:38:18] **Sam Brocato:** So I think that each is single product delivery, four products, seven products, as that becomes shrunk to a point where it's viable and it can be deliverable. And people can look, I have a young brother that's a hairstylist. He'll go to the store three times a week. And pick up a couple items and do six or eight heads of hair a day and he'll have what he needs.

[00:38:42] **Sam Brocato:** Well, there'll come a point soon where he'll be able to just get on his phone or his laptop or whatever and punch it in and it'll be delivered to him and it won't cost him 12 for something that costs 1 to make.

It'll cost him a number. Probably a little more balanced, let's call it, something [00:39:00] a little more user friendly.

[00:39:01] **Sam Brocato:** The part of the reason I got into making products to start with was because Holly and I were really good friends with Paul Mitchell and J. P. at that time.

[00:39:10] **Sam Brocato:** And Paul suggested, he's the one that said, look at this, he said, we're making this bottle of shampoo for 34 cents. I said, what? And I'm paying the distributor \$4 for it.

[00:39:21] **Sam Brocato:** He goes, no, it says the cap is 2 cents, the bottle is 8 cents. I was like, no, come on, really? And they laid it all out. That was it. When I saw that, there was no going back. Now, that's the capitalistic. Capitalist in me,

[00:39:35] **Sam Brocato:** but then what it, but what it came to become more was that I want to control my destiny and I will tell anyone that's listening to this and you think you want to make your own products.

[00:39:45] **Sam Brocato:** I'll tell you the single barrier to entry being able to make small amounts of products means being able to get your hands on super high quality. Best, best, best ingredient in small quantities, not easy to do because there's a lockout to a certain degree. I can get it because I buy it, you know, I have together beauty, which we buy in 30 quantities.

[00:40:08] **Sam Brocato:** But I can get if I want a kilo of pure product, whatever it may be, I can get it. Most of the times I can get it for free. So I can sit in my lab and I can practice with it. It's really difficult to get small quantities of stuff. Not impossible. It takes some time. You have to be patient. Keep it very small.

[00:40:27] **Sam Brocato:** Don't try to do too much at once. Stick to one thing, you know, one or two things that you want to do. And, um, anyway, I get so excited about this because I so believe that the level of waste That goes on in the salons in our industry or on the beauty industry and all these things. We can control that. We can tighten that up, but the model's got to change.

[00:40:51] **Sam Brocato:** Um,

[00:40:53] **Antony Whitaker:** When you were saying a minute ago, um, that you gave 30% commission

[00:40:58] **Sam Brocato:** yeah,

[00:40:58] **Antony Whitaker:** on product,

[00:40:59] **Antony Whitaker:** was that your own product? Not another brand that you're

[00:41:03] **Sam Brocato:** yeah. It's both a combination of my original, the original Brocato brand,

[00:41:07] **Sam Brocato:** which I no longer affiliate with, although I still. Sell it because I made it. They're great products. And now it is a together beauty that brand. And obviously part of it is because I've worked the numbers with the margins. So the margins are larger,

[00:41:19] **Antony Whitaker:** Sure. Yeah. Got it. Got

[00:41:20] **Sam Brocato:** but what, what I did have to do on that Antony is I left the 30%, but I, I put a must hit level one

[00:41:26] **Sam Brocato:** because people were not.

[00:41:29] **Sam Brocato:** They weren't understanding how valuable it could be to them and their income because the people look at income as dollars or pounds, whatever it may be,

[00:41:38] **Sam Brocato:** euros. I don't look at it that way. I look at it as percentages.

[00:41:42] **Sam Brocato:** And to me, when I look at my financial statement, I will get the percentages. I look at the columns and that's where I figure out how I push the levers, pull the levers and do the things that need to be done.

[00:41:53] **Sam Brocato:** And that's when I turn to someone to have a conversation with whoever it may be. It could be a young 8 week employee. It's like I need to make more money. And I say to them, how much are you making? Well, I don't know, you know, my paycheck, blah, blah, blah. So what

do you tell them? And I don't know if I'm jumping ahead here, but everybody needs to tell all their people to go into AI, drop in their zip code.

[00:42:17] **Sam Brocato:** They're total income. Don't lie to yourself. That's the biggest lie we tell. Tips, total income, and ask for a budget based on that zip code because that's important. If you're in New York, you're not going to have a car. You're not going to have a car insurance. And once you have that document, then you can go in and have an honest conversation.

[00:42:36] **Sam Brocato:** With the people you work with and work for and say, look, I'm making 48. Really need to find a way to get to 54 and so to me, I'm jumping ahead about how I'm using ai, but um,

[00:42:48] **Sam Brocato:** that's, an example.

[00:42:49] **Antony Whitaker:** that's good. I haven't, uh, I was gonna ask, that's exactly what I was about to ask you about was, was how do you see AI being used in the industry? And that's, uh, I've not heard of anyone using it the way you've just alluded to. And I think that's, that's very interesting. So, so what else do you see?

[00:43:04] **Antony Whitaker:** Uh, AI, what sort of areas are you using it in the salon? Or like you said at the beginning, when you said you walk into the salon and people said, what are you doing? And you said, I'm imagining. I mean, I love that

[00:43:14] **Sam Brocato:** Yeah. I am. Yeah.

[00:43:16] **Antony Whitaker:** What do you imagine about AI and how it's going to impact on how we run our businesses in the future?

[00:43:25] **Sam Brocato:** Well, I think on the most extreme end of it is the, uh, is a, idea of robot, it's not lost on me that there is a haircut done by a guy who built a little robot. I don't know if you've seen it, but it's got 7. 7 million views.

[00:43:40] **Antony Whitaker:** yeah.

[00:43:41] **Sam Brocato:** So. Um, I don't know where that humanoid robot steps in and does these precision haircuts and all that people talk about or the fact that, you know, the interface of, if they're sentient and they can really feel

the emotions and really understand, like yesterday, I was talking to Aaron, she really had some scalp problems.

[00:44:00] **Sam Brocato:** She was embarrassed by it. 50 year old woman. I said, Aaron, look, this is what I do. This is what I love. I want to help you solve this problem. I want you to get these two products and I want you to be back in here in four weeks, book an appointment. You don't even have to pay. I just want to know we're going to solve your pain problem.

[00:44:18] **Sam Brocato:** So part of that is, is, is the analytics that need to be done. And some of the computers, you know, there's some things that are going to be done with holding them in the scalp and look at the health of the scalp. Um, you know, a lot of that will play into how we run our day to day interaction with the customers.

[00:44:35] **Sam Brocato:** I think that the idea of some of the smart mirror concepts, I think there's still have quite a ways to go. I listened to your interview on that. I believe I did. I listened to it on

[00:44:44] **Antony Whitaker:** Yeah.

[00:44:45] **Sam Brocato:** and I get it. I looked at it closely. I think there's still some stuff that needs to be done there to make it a little. I'm not sure.

[00:44:53] **Sam Brocato:** I shouldn't say too much because I really haven't actually experienced it. Um, I think that if you're the manager, you should be taking your sanitized numbers schedules, anything like that and dropping it in Clark chat, wherever, put it in and studying prompts so that you understand how to ask the question in a way that says, okay, here are my schedules for the week for 38 people.

[00:45:20] **Sam Brocato:** What could I do to create some efficiency here that would give me a better compression of time

[00:45:26] **Sam Brocato:** and, revenue per hour based on the fact that these 38 people range in, uh, they're, what they charge is from 200 to 25. So, you know, I think that's an example of a way to use something that I did right when I started.

[00:45:44] **Sam Brocato:** It was the first week of December, uh, when CHAT GPT 3.5 came out. I took a 2016 financial statement, I sanitized it, uh, so what I mean is I want to make sure that nothing's on there that could track it necessarily to me other than it came from my computer,

[00:46:01] **Antony Whitaker:** Yeah. Okay.

[00:46:01] **Sam Brocato:** which is quite a lot.

[00:46:02] **Antony Whitaker:** Yeah. Yeah.

[00:46:04] **Sam Brocato:** But I put that in, I put the statement in, and

[00:46:06] **Sam Brocato:** I asked a series of questions, uh, and I got about 11 key points back. They are really really helpful

[00:46:14] **Antony Whitaker:**

[00:46:14] **Sam Brocato:** so as far as, uh, as far as the financial statement, that was kind of what I was talking about sanitizing, sanitizing your documents as much as possible. Just remember managers, owner, whoever you are, that if you ask something, it goes on.

[00:46:29] **Sam Brocato:** Somewhat a permanent record. It goes out into the universe. On one hand, you're enhancing what the, what the machines can do.

[00:46:35] **Sam Brocato:** But on the other hand, you really are getting intelligence that is just really completely unbelievably accurate and the speed with which it returns information to you is unbelievable.

[00:46:48] **Sam Brocato:** I have every month. For at least 6 months, sometimes 2 and 3 times a month, often to 3 or 4 platforms, ask specifically, what's the [00:47:00] future of a professional hair colorist, hairstylist, business owner, salon, and every single time I get the same basic answer that AI is not capable of taking our jobs. So, I'll tell you the way to understand if your job is at stake.

[00:47:20] **Sam Brocato:** You go in and you write down 3, 7, or 10 prompts. Uh, questions and say, these are the things I do now return to me in code, those things, and then you take the code and you dump it back in and say, now, take this code and perform my job. So, if you say. Do a five point haircut or an



asymmetrical bob or a long layered cut, it'll come back and say, lift here, cut here, part here, wash, clean, dah, dah, dah, dah, dah.

[00:47:54] **Sam Brocato:** Now convert that into code, it'll convert it into code and then you can make an app and blah, blah, blah. But then you say, now, could you give me a demonstration of the haircut? Or the color. No, I'm a large language model. I can't do that. I

[00:48:09] **Sam Brocato:** can't

[00:48:09] **Sam Brocato:** cut hair.

[00:48:10] **Antony Whitaker:** Yeah, Yeah. Interesting. Okay. Um, let, we need to start wrapping up shortly, but I want to get your insights on different business models. We started talking about this at the very beginning where we were talking about commission based and sell on suites, et cetera.

[00:48:23] **Antony Whitaker:** Um, the independent things had a lot of growth all over the world, not just in the U S it looks different in different countries, but it's, it's still independent, self employed, um, And maybe there's been like, you know, COVID sort of messed up the figures a little bit as well, but without a doubt, there's been an avalanche of people moving that direction.

[00:48:45] **Antony Whitaker:** So what I wanted to ask you about is. Where do you see that now? Has it settled down? I mean, it's, it's virtually impossible to get reliable data on it as to how many people that move into a suite, for [00:49:00] example, um, you know, survive and you hear numbers that float around, um, uh, and, and you're never sure how reliable they are.

[00:49:06] **Antony Whitaker:** But I'm, I'm hearing that like 40% of suites. Don't last 12 months, uh, whether that's true or not, I don't know. But if enough people say it, you start to wonder, um, what, what are your thoughts about that? What do you see in the industry with all your contacts and stuff as to, as to where, where that the whole thing's going to settle and what business models are going to, you know, prosper and, and what will not.

[00:49:29] **Sam Brocato:** so I think the first comment on that is a good at smart business person will figure out how to make money. Based on how they run the numbers and how they show up to get the work done, optimizing the per ticket, minimizing the cost. Uh, it's just basic math. And the great thing is in our

business, 90% of the time, 99% of the time we open and close our business every day.

[00:49:51] **Sam Brocato:** We don't run it. You know, I have accounts receivables on products and stuff like that that have to do with my product company. But when it comes to the services, it's a day to day thing. This is not hard to do to make money in our business. Most people just outlive their cash. They spend it because they think they're all of a sudden wealthy.

[00:50:08] **Sam Brocato:** Well, they start acting like they're wealthy

[00:50:10] **Sam Brocato:** customers, who really are wealthy

[00:50:12] **Sam Brocato:** and have, you know, 13, 000 bags and all that. Honey, you may be talking to her and you may be getting more money than you have, and you have no idea how much money those people have.

[00:50:22] **Sam Brocato:** So here, I'm going to read you a very quick, I just got this from a leading executive that's left one of the leading suite groups, uh, in the US.

[00:50:30] **Sam Brocato:** and she wrote me this maybe four days ago. Um, yes. She's answering about the future of the business. Yes. He sees the human touch. He says, I see the suite style salon growth's slowing dramatically.

[00:50:45] **Sam Brocato:** People want to be around people after the COVID years. I'm seeing traditional salons popping back up, stylists from suites joining forces and opening five to eight chair salons.

[00:50:55] **Sam Brocato:** So that's from someone who's just spent eight years and someone I've known actually for roughly 20 years.

[00:51:00] **Sam Brocato:** Uh, so that, you know, one opinion, another, uh, one I have that I got yesterday was, um, about how many lawsuits are being filed by, um, by suite company owners that this particular person, uh, someone you actually know, has friends that invested in real estate to build out suite, and now they're having to go in and suing in her quote up to 50% of the people that Walked away from their suites and didn't pay the bill because they didn't understand what they were signing.

[00:51:33] **Sam Brocato:** People, you know, people say to me, God, you have such a great business here. And I say, yeah, I have a really expensive lease. You know, I signed for 3.9 million over the next whatever years or whatever. So I'm a real believer that, uh, we can make money as long as our taxation is not too bad and stuff like that, wherever we are in the world, just be determined to, you know, Have more money than month.

[00:51:58] **Sam Brocato:** I think I've heard it say a lot of times

[00:52:00] **Sam Brocato:** and just work the program. I'm really not against booth rental. I'm not against suites.

[00:52:06] **Sam Brocato:** I am in most in favor of commission salons because I've seen what it does and Not just for my own ability to build wealth, but for the wealth and goodness of all the people that work for us.

[00:52:18] **Sam Brocato:** When COVID hit us, Antony, we jumped on it family style. And we sent out every Friday a check to everybody that worked for us, including the young person that started working for us three days before shutdown. We had a GoFundMe set up, we were spreading the money out to everybody, and I just think that we need to look probably more than ever at the fact that the beauty industry is a place that people will come to, to have that touch, to have that connection.

[00:52:47] **Sam Brocato:** And we need to have a sense of community that really is, is interpretable by the person that's experiencing it. And I don't know if that answers your question,

[00:52:58] **Antony Whitaker:** Yeah, no, that's very, very interesting. Like, you know what you're saying and it all sort of makes sense. I mean, a lot of people have talked about the, you know, the pendulum swinging back. And I mean, as we both said, you know, there's a place for suites without a doubt, you know, it's, it's a model that works for a lot of people, but there's a lot of people that go into, I met someone, you know, a couple of years back now, and she came up to me in tears and basically she was paying 60% of her revenue in rent.

[00:53:25] **Antony Whitaker:** Uh, for the sweep now, meaning that she was, it wasn't that she was paying too much rent, but she wasn't producing enough revenue to, to be in that sort of situation. And just the naivety with which

people sometimes open up a business and they forget that that's what they're doing. They're opening up a business, a

[00:53:45] **Sam Brocato:** There, there are people here in Manhattan that are paying \$250 a square foot

[00:53:50] **Sam Brocato:** for in a suite.

[00:53:52] **Sam Brocato:** Yeah. So whatever you divide the two 50 by 12, whatever That is

[00:53:55] **Sam Brocato:** that's, that's how much you're paying. That is not what I pay,

[00:53:59] **Antony Whitaker:** Yeah. Yeah.

[00:53:59] **Sam Brocato:** and I'm, yeah.

[00:54:00] **Sam Brocato:** You can rent a thousand square feet here for 85 to 105

[00:54:04] **Sam Brocato:** a foot, which is still a lot.

[00:54:05] **Sam Brocato:** But then you could have a bunch of people working with you and

[00:54:08] **Sam Brocato:** they just

[00:54:09] **Antony Whitaker:** so per square, per square foot, it is probably the most expensive

[00:54:13] **Sam Brocato:** I think

[00:54:14] **Antony Whitaker:** per square

[00:54:15] **Sam Brocato:** Yeah,

[00:54:15] **Antony Whitaker:** but, uh, so yeah, it sounds, it sounds like you're thinking like I'm thinking is that the pendulum started to swing back and it'll find a healthy place in the middle, uh, that works for everybody.

[00:54:25] **Sam Brocato:** and yeah, and understanding what the things that draw down the most against your profit are your cost of occupancy costs,

[00:54:32] **Sam Brocato:** the cost of paying people, cost of goods. Those are the things that draw the most against, of course, taxes,

[00:54:38] **Sam Brocato:** but those draw against your profitability the most. Watching occupancy costs as what they do is they, Oh, I'm doing 3,000 a month and I only have to pay six or 700 a month in rent and blah, blah, blah, blah.

[00:54:50] **Sam Brocato:** And I can take more time off, but they don't really do the math with the percentages.

[00:54:54] **Sam Brocato:** First, they do it with the dollars and dollars don't tell the truth

[00:54:59] **Antony Whitaker:** um,

[00:55:00] **Sam Brocato:** percentages do

[00:55:01] **Sam Brocato:** tell you really, this is how much I spend. If I called my account and I say. I'm looking at 2.7% here on credit card fees, and I can't pay 2.7%

[00:55:12] **Sam Brocato:** What do we have to do? Then I don't need to look at how much that meant in dollars.

[00:55:17] **Sam Brocato:** I just need to know that 2.7% doesn't work.

[00:55:20] **Sam Brocato:** It's got to be 1.75% to 2%

[00:55:23] **Antony Whitaker:** yeah, yeah,

[00:55:24] **Sam Brocato:** I guess credit card fees are probably similar worldwide, right?

[00:55:27] **Antony Whitaker:** they are. Yeah. Yeah. Any, anywhere between say 1.5 and three, you know, seems to be where it sits. So, yeah. Okay. Well, listen, we need to start wrapping up, but I've got a couple of short, uh, you

know, quick fire answers. Um, if you're a salon owner listening to this. What, what three, I'm going to ask for three, what three bits of advice would you give them?

[00:55:50] **Sam Brocato:** Number one is go it on your own, at least for the first four months, six months, eight months. Don't take that person that's working next to you now. They're going to, if they want to come with you, they'll come with you later. You need to go on your own and figure out all the things. So when they step in there, they're not there. They understand you're the leader. Um, I think the second thing is be well financed. And I don't mean you have to have tons and tons of money, but if you don't have. Uh, probably a year's worth of your basic needs put aside, including rent, uh, you probably are risking something because you signed a lease, let's say, with a one year, I call it a kick out.

[00:56:28] **Sam Brocato:** You sign for a year, but you have an option for five. So you sign for one, you go to four, but at one, you can kick out and leave. So if you protect yourself going in, Then there's a chance you'll, you'll realize, you know what? I love, I love Antony. I want to go back home. Can I come home or not? And you'll be fine.

[00:56:45] **Sam Brocato:** And I, think the third thing would have to do with, uh, having a very stern conversation with all of your vendors. Then I cannot, I don't want to have to pay, uh, you know, full price. I'm starting off as a new business. I already know I'm an underdog because the chances of survival are small. So I need to Narrow it down and maybe just one or two brands that I want to work with.

[00:57:10] **Sam Brocato:** And I want to know what the top 6 or 8 or 9 moving products are in those brands. And I want to know that maybe shipping's free and I get an ongoing agreement that I get a 5% or 10, some sort of a discount. That gives you some breathing room and knowing that your inventory is sunk money, but it can be very profitable.

[00:57:31] **Sam Brocato:** So I would say those are the kind of three things, you know, there is a fourth thing is go where the money is, go where the population is. If you can go, make sure you understand, is there a 1%, 2% earners in my region that can support the ticket I want to charge? And if there are there. If that demographic exists, um, has anybody already eaten that lunch in a way that I'm going to have a hard time beating them?

[00:57:57] **Sam Brocato:** So

[00:57:58] **Antony Whitaker:** Yeah,

[00:57:58] **Sam Brocato:** strategic, some strategic planning, simple strategic planning,

[00:58:02] **Antony Whitaker:** Okay. Um, 50, how many years in business?

[00:58:06] **Sam Brocato:** 54.

[00:58:07] **Antony Whitaker:** 54. Okay. 54 years in business. Uh, one, one lesson. What would be the biggest lesson that you've learned? Actually, it doesn't have to be a business lesson. It can be a life lesson, but if you had to pass on one lesson, what would it be?

[00:58:23] **Sam Brocato:** I would say try your very best to get where you want to be. And I think you and I, Antony, are both kind of broke in this role. Um, I, you know, I had an amazing thing in Louisiana, almost 200 employees, 7 million in sales. And we decided if it ain't broke, break it. Let's just break it. And let's try something totally new in our lives, in our world.

[00:58:44] **Sam Brocato:** Um, in hindsight, Maybe I should have kept that and still move to New York

[00:58:50] **Sam Brocato:** and found a way to have that team there. Um, so I would say, find a place you want to be for a very long time and sort of build your fortress there, build your. Build the place that you want your family to grow and you want your nurture your friendships as much as possible

[00:59:08] **Antony Whitaker:** hmm. Mm.

[00:59:09] **Sam Brocato:** That would probably be it.

[00:59:11] **Sam Brocato:** I'm not I mean have fun. I mean, we are definitely pioneers and explorers in our household Have fun, but just realize it, you know building a building a business. It's really Does well, it's not easy

[00:59:27] **Sam Brocato:** You know, and I mean, but I will say that old thing about redistribution of wealth, I mean, we came to New York.

[00:59:34] **Sam Brocato:** We had no, I never, I've never had a job in New York City. I didn't have a clientele. I have business knowledge, and I understood and loved my industry, so I wasn't afraid of it, even when it was, we opened in the summer of 2008, and it was horrible. And so make sure that your passion to stay with it is there, and You know, spend less money than, than you make.

[00:59:57] **Antony Whitaker:** Yeah, exactly. Okay. Uh, last thing, uh, what's your, what's your favorite business book you've read that you'd recommend to someone else?

[01:00:05] **Sam Brocato:** Uh, you know, I mentioned earlier, I can't believe I used, kind of forgot the real name of it, but it's called the art of business. And it's by Max, I'm sorry, the art of leadership, not business, Holly keeps correcting me, the art, the art of leadership, and I have given this book away many, many times and read it many, many times, just by Max Dupree, D E P R E E, I think, um, it is just a simple little book.

[01:00:32] **Sam Brocato:** Any hairdresser can read it. It's double spaced, but it just gets right in to the importance of having a covenant of agreement about what we're going to do, the level of quality we're going to create, what our responsibility is to the community and to one another. And I started reading that book long, long time, 25 plus years ago.

[01:00:53] **Sam Brocato:** Uh, so that'd be one.

[01:00:54] **Antony Whitaker:** We're still out there. I'll check it

[01:00:56] **Sam Brocato:** Oh yeah, it's a, it's a very popular book.

[01:00:58] **Antony Whitaker:** All right. Okay. So look, we need to wrap up. Um, where, whereabouts can people connect with you on Instagram or other social media channels?

[01:01:06] **Sam Brocato:** so on Instagram, it's just at Sam Brocato and if you want to follow our salon, which I would really love is at Sam Brocato Salon. and sam brocato salon.com is our website. You can find all the together beauty stuff including signing up, you know, but if, but together, beauty is my beauty brand.



[01:01:26] **Sam Brocato:** That's a separate together. beauty.com. As a professional, you can go in there and sign up and, and get a 30% commission for recommending products. So if you want a side hustle, you know, that's kind of our major interface. We have a handful of salons we do business with. My interface is get with the guest, with the customer as much as possible.

[01:01:46] **Sam Brocato:** Um, it's just kind of where I am

[01:01:47] **Antony Whitaker:** Okay. Well, I will, uh, I'll put those links, uh, on our website, uh, growmysalonbusiness.com and in the show notes for today's podcast. So if you're listening to this podcast with Sam and you've enjoyed it, then do me a favor, take a screenshot on your phone, share it to your Instagram stories. Uh, there's been a lot of knowledge and a lot of wisdom shared there.

[01:02:08] **Antony Whitaker:** And don't forget to subscribe and leave us a rating and review on the Apple podcast app. So to wrap up, Sam Brocato. Thank you for being on this week's episode of the Grow My Salon Business Podcast

[01:02:20] **Antony Whitaker:** Thank you, Antony. And everybody read Antony's books if you haven't.

[01:02:25] **Antony Whitaker:** Thanks, Sam. Great to have you here.

[01:02:29] **Antony Whitaker:** Cheers.

[01:02:30] **Antony Whitaker:** Thank you for listening to today's podcast If you'd like to connect with us you'll find us at Grow My Salon business.com or on Facebook and Instagram at Grow My Salon business And if you enjoy 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