

GMSB 300

[00:00:00] 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. Today, or should I say today's episode, is a special episode because? It's episode number 300, and since we launched the podcast in March of 2018, every week we have released a new episode.

[00:00:24] We now have regular listeners in over 100 countries, and we're in the top 1% of not just hairdressing related podcasts, but all podcasts worldwide. Sometimes I get to meet people who say that they are weekly listeners, and I get to see the analytics that tell me how many thousand downloads we get every week.

[00:00:44] So I know you are there, but we'd like to connect with you more. I once had a coaching client, she was in New York and she told me that she listened to my podcast while she walked her dog, and as soon as the dog heard the introduction music, he'd start barking and get excited as he knew that it was time for his walk.

[00:01:03] So everyone has a story, and I know there are people who listen in the car while they're doing the school run, and others who listen while they're on the treadmill at the gym, or perhaps while they're pumping weights, whatever it is. And I know that you are listening to this on your phone, so I wanna ask you to do me a little favour, and that's to take a selfie of wherever you are listening to this, preferably with you in the shot.

[00:01:26] But if not, that's okay too. And email it to me at Antony@GrowMySalonbusiness.com And remember that's Antony without the H. Okay, so Antony@growmysalonbusiness.com

[00:01:41] So thank you for being a listener and thank you for the compliments and the ratings and reviews. I really do appreciate it, and if you're one of those people who haven't yet left us a review for the podcast, then I would love it if you did. They are extremely helpful. They do matter in the rankings of the show and it helps other people to find my podcast,

[00:02:00] and of course, I always love to hear what's been helpful to you. All you need to do to leave a review is go to the show notes of any episode and scroll to the bottom of the page. And whether you're listening on Spotify or Apple Podcast or any other podcasting app, there will usually be a link at the bottom to leave a rating and review.

[00:02:18] So with that said on with today's show,

[00:02:22] There isn't a perfect rule book to follow when it comes to building a business, regardless of whether we're talking about the management, the marketing, the HR, or the financial side of a business. There's always plenty of variables as to why you should do what you should do. But having said that, there are definitely some timeless principles that you can rely on that don't date because they are sound business principles.

[00:02:47] So in today's episode, I'm going to focus on 10 principles that revolve around achieving financial success as a salon owner. But before we dig into it, let's just remember who we are and what is at the core of why these 10 principles aren't just important

[00:03:00]. They are essential. So in all likelihood, you are a salon owner and like me. At some stage in your career, you made a transition from being an employee, working for someone else, where the only responsibility you really had was to do great hair, to be a team player, to look after the clients and to keep them coming back.

[00:03:24] And then one day, just like me, you figured that because you could do good hair, you should open a business of your own and build a team of your own that could also do good hair, and that in the process, you and the team would make good money and live happily ever after.

[00:03:40] Now. Fast forward to however long it is since you first opened, and you and I realise that there's a whole lot more to succeeding in business than just doing the good hair part and that one of those things usually the financial management side of business ownership, is probably not your strong suit.

[00:04:02] But regardless, you muddled through. You have an accountant, perhaps a bookkeeper too. You get bits of advice from, well-meaning family and friends. Maybe you attend the occasional seminar and read the odd business book, and bit by bit you start to put the pieces of the puzzle together. What you probably don't have is any sort of formal business education, but that doesn't matter because I believe that actually being in business is the best education you can get, but only as long as you commit to learning and learning fast.

[00:04:34] Because if you don't, there's a very good chance that at best you'll find yourself working harder than ever, but for even less money. Or at worse,

you find that the business eventually has to close and you can lose everything potentially in the process. So what are my 10 financial principles that if you follow, will give you the best chance of success?

[00:04:57] Well, at number one, it's understanding that revenue does not equal success. The goal of a business is to make a profit. That's the real goal, not just to increase the amount of revenue you produce. If you're just increasing sales without managing the expenses, it can leave your business in debt and unable to meet your financial commitments no matter how much you increase the revenue by.

[00:05:21] So focus on the bottom line, the profit, not just the top line sales. So remember, profit is the most important number, not just sales. Profit is sales minus the cost of sales, and that equals the gross profit, minus the expenses equals the net profit. And as the owner, that profit can then be reinvested back into the business to grow your business or you can take part or all of it as a dividend.

[00:05:55] So at number two, it's separate, but align your personal and business finances. Now what I mean by that is that you and your business are not the same thing. So don't treat your business bank account as your personal cash machine. Instead, keep your personal finances separate to your business. So work out what you need the business to be able to pay you each week or each month, and then stick to it, and then manage your personal expenses based on what you pay yourself.

[00:06:23] Because if your personal finances are totally entwined with your business, then the result is that your personal spending can drain your business' resources and future growth, and it creates havoc at tax time

[00:06:38] And at number three, be careful who you listen to. Now what I mean by that is that it's easy to have opinions and to offer advice. You just have to look through any social media platform to see that there's an avalanche of people telling you what you should do. And although they might mean, well, if they're not experts in running a salon business, they can do more harm than good.

[00:06:59] And you probably also have friends and family who tell you what you should be doing. But unless it's someone who has real experience running a business, their advice, once again, can do more harm than good.

[00:07:16] At number four, it's listen to your numbers. Now, I know you didn't open a salon because you were excited about the idea of looking at a profit and loss report or spreadsheets, but whether you like it or not, business is all about numbers and your financial reports are trying to tell you something.

[00:07:31] So if you're serious about financial success, then learn to read and review the financial reports regularly to help you avoid repeat mistakes and so that you make smarter decisions in the future. And please don't say but Antony, that's why I have an accountant, because it's not your accountant's job to manage and grow your business.

[00:07:51] That's your job. The accountant's job is to do your accounts. Sure, your accountant might make some suggestions and help you understand what the numbers in your business actually mean, but it's up to you to understand the numbers and more importantly, what you need to do in order to change them. At number five, focus on your core offering.

[00:08:15] So in our case, that means focus on hairdressing products and services. Now, that doesn't mean that you can't have the occasional side hustle like a teaching gig or perhaps to work as an editorial stylist, but if you've got three or four different revenue streams, you usually don't do justice to any of them.

[00:08:33] The most successful salons that I see all over the world focus on their business and they master it before expanding into other areas. At number six, it's understanding that more money isn't always a solution. Meaning that whether it's generating more sales or taking out a loan or increasing credit card debt, that might get you out of a hole temporarily, but it won't fix a broken strategy long term.

[00:09:00] So before you take on further debt, make sure you are 100% clear on why you really need it and what impact that debt will have in terms of future repayments. And similar to more money isn't always being the solution is number seven. I. Which is understanding that more clients isn't always the solution either, because in both cases, more money and more clients, there's no guarantee that it automatically equates to more profit in the business if the money that comes into the business isn't being managed properly to result in more profit.

[00:09:36] At number eight, it's invest in the growth of your business. I always say that your business is a reflection of you, and so if you don't grow, then your

business never will. So don't be afraid to invest in your own and your team's development, but I don't just mean your technical and creative development.

[00:09:53] I also mean your development as a business owner and leader. Because when the money you spend is directly aligned with your business goals, then every dollar that you spend should ultimately help the business to grow. At number nine, its emergency funds are a must. In life and in business stuff happens.

[00:10:16] Whether that stuff is staff walkouts or car accidents, or unplanned pregnancies or personal health issues, yours or family members, or perhaps it's elderly parents that need care or perhaps it's a fire, floods, earthquake, or social and political unrest. I'm sure you get the idea and when that sort of stuff happens, not if.

[00:10:37] But when then, if you don't have an emergency fund to get you through, then in all probability your business will run out of cash and you'll not be able to pay your debts, and the business simply won't survive. So having enough money in an emergency fund to allow you to survive at least three months when the unexpected happens is a must.

[00:11:00] The last point of my list is number 10, and that is that you need to understand that being in business and managing money is like a game, albeit a very serious game. So you need to learn to master the money game. And to do that, you must use your financial statements as tools to track your growth.

[00:11:20] Not just your income and you need to understand what the key drivers of the income are and focus on the actions and behaviours within your business that will increase the income. And combined with that, you need to balance increasing the income with decreasing the expenses, which will therefore result in increasing the profit.

[00:11:42] That's the game. And if you wanna win the money game, you must measure and monitor your results against your goals and your benchmarks. You must know what those results mean, and more importantly, you must know what you need to do to have a positive impact on them. So that's it. 10 timeless principles of Salon Money Management.

[00:12:03] Now, as you may know, our online money course officially opened again on Monday, the 16th of June, and it will be open for enrollment until midnight on the 25th of June. So for those salon owners who are listening and recognise that money is an essential topic to master, then this is for you. So if

you wanna find out more about it, you can join me for a free one hour masterclass titled The Financially Savvy Salon Owner on Monday, the 23rd of June.

[00:12:32] And to do that, all you need to do is register at [grow my salon business.com/financially-savvy](https://growmysalonbusiness.com/financially-savvy) I'll also put that link in the show notes of today's episode And at the end of that masterclass, for those of you that are interested, I'll then invite you to find out more about our online course.

[00:12:54] So if you are a salon owner, a salon manager, or aspire to be either of those, then this is for you because when you get clarity and you have the confidence that you need to handle the financial side of your business, that will be the best investment that you have ever made. So if you don't want more sleepless nights worrying about how you're gonna make this week's payroll, and if you wanna spend more time with family or if you want to take regular holidays, if you wanna make your business more profitable and a more saleable asset.

[00:13:24] If you wanna be able to take the profit out of your business to invest in property or whatever it is, then the money course is for you. If you wanna find out more, go to [grow my salon business.com/financially-savvy](https://growmysalonbusiness.com/financially-savvy), and I'll put that link in the show notes for today's podcast. So with that said, thanks for listening, and I'll see you next week.