

TOP 5 COMMON

Salon Management Mistakes

And How to Avoid Them!



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What's the Top 5 all about?

Welcome curious salon owners and managers! Our years of experience and passion for the beauty industry have left us knowledgeable, and we aim to help your salon achieve its full potential by sharing our experience and expertise in this guide. This guide is ideal for small to medium sized salons, but we welcome all salon enthusiasts to have a read.

Come join us on an informative, fun exploration of common hurdles we've seen operators encounter (from single room to multi-location salons). We'll share examples and offer advice with real-life solutions to help you avoid them!

Who's behind the Top 5?

Nice to meet you, we're SALONBOOKER. We provide web-based business management software to over 3,000 salons around the world.

SALONBOOKER has a suite of features that support salon owners who face new challenges every day. These include Online Booking, Customer Management, Point-of-Sale, eCommerce, Social Marketing and many more - all in one system.

We've developed SALONBOOKER in partnership with leading salon businesses, and through this process we have learned a lot about effective salon management, which is why we want to share some of the most common mistakes salons make in managing their business and ways to avoid them. It's time to put your business in the styling chair and see if some of your salon's practices might need a new look.

Can we cut to the chase?

Of course. We know you're busy, so here is a sneak peek at the Top 5:

- 1) Offering discounts without a strategy
- 2) Not using communication tools to drive revenue
- 3) Letting a receptionist do all the selling
- 4) Not sweating the numbers
- 5) Resisting online booking

Now, want to learn how to avoid them? Keep reading...

Mistake **1** Offering discounts without a strategy

Have you ever offered a discount? In our experience, the answer is probably yes. You want to do right by your customers and give them reasons to either come back or purchase a premium service. The idea is simple - give a discount to get something in return, whether that be more customers, customer loyalty, higher profits or greater revenues.

Our advice? Figure out the 'something' first

Some salons don't fully define the 'something' they hope to get in return or don't measure the outcome of the discount, which can lead to unsuccessful discounting. Here are some examples of bad practice in the planning and development of discounts:

- Not controlling which time or day of the week discounts are available
- Not limiting the number of less profitable or deep discount services available during peak hours
- Not measuring the impact of discounting on profit and net income
- Not training receptionists to promote premium or higher-margin services
- Not offering incentives to customers to book far in advance for off-peak hours
- Not having a 'flash sale' strategy for peak appointments available within 24-48 hours

Solution

Having the time and resources to accurately measure the impact of discounting is a common challenge for many salon owners. It's not a surprise they struggle with it, given the number of elements needed to get it right - an organized pricing system, comprehensive reporting tools and access to a good business analyst, for example.

However, imagine if all of the necessary elements came together in one system that gave you the tools to avoid ever creating another unprofitable discount?

What if it enabled you to:

- Run reports to see which services are your best sellers and which are the most profitable?
- Set and manage pricing from a single system, enabling you to keep it organized for both management and staff?
- Regularly review your customer flow to determine your optimal off-peak discount strategy?
- Receive notifications about last minute appointments and distribute these openings on your website and discount deal sites?
- Display complete customer history details for receptionists, so they're able to promote the service that has the best chance of getting booked, at the appropriate price?

Mistake **2** Not using communication tools to drive revenue

When a customer walks into your salon, you communicate a lot. You learn about their life, what brings them to your salon and how they heard about you, and what they hope to achieve when they sit down in your chair. You do it for a reason - to build a relationship and to tailor their salon experience to their unique needs so they feel as comfortable as possible. Why stop there? In our experience many salons do just that.

Customers have long lives

There are many points in the customer lifecycle where effective communication can both improve their experience and increase a salon's revenue. Here are a few common reasons why some salons don't communicate with customers outside of dealing with their appointment:

- They don't have easy access to reliable contact info and email data in one combined system
- They don't have an email system that can send targeted messages based a client's history pulled from their appointment book, customer records and point-of-sale system
- They can't track the effectiveness of their emails, such as whether or not clients actually open them and if clients are booking appointments from these emails
- Their social media sites, like Facebook, are not updated regularly and are not engaging

Solution

Communication is very challenging for some salon owners due to the shortage of staff to collect and store customer contact information and poor integration of scheduling, email and social media systems.

However, tools have recently been developed to make communicating with customers much less complex. Furthermore, retaining a current customer costs salons much less than bringing in brand new ones! Here are some tips and tricks that can make communication flow more freely through the customer lifecycle and bring in more revenue:

- Store all customer, product, service and scheduling information in one easily-accessible database that can be utilized in campaigns
- Send customers automated emails based on their history or their current activity. These can include:
 - For customers who've booked appointments - send reminders, thank you messages and surveys to solicit feedback
 - For all customers - send promotional emails that use past buying behavior to drive repeat business and tell customers about new services or last minute availability of preferred services or staff members
- Use a central system to publish updates and stream them through multiple channels, such as email, website and social media posts
- Measure the effectiveness of email and social media campaigns. Make tweaks and improvements based on level of 'open rates' achieved and the number of appointments scheduled

Mistake **3** Letting a receptionist do all the selling

It's great if your receptionist can work some sales magic, but we know how busy the front desk can be, and multi-tasking only goes so far. Hiring a team of receptionists can be expensive, so we recommend using your website - it works 24/7, costs a lot less and never calls in sick. This means entering the world of eCommerce.

eCommerce Never Sleeps

Selling products online (eCommerce) opens up an untapped revenue stream. Customers love convenience, including being able to visit an eCommerce site at any time and shop to their heart's content. In fact, according to web research gurus Nielson, around 66% of internet users purchased a product online in 2010.

With that in mind, you'd expect all salons to sell products online. But a few things hold them back:

- They believe it's difficult and expensive to create and maintain an online marketplace for their products
- They don't have a website or don't like their website
- Their website isn't set up for credit card processing
- Their credit card processing isn't synced with their inventory management system
- They don't have a way of managing their inventory levels
- They don't have a way of tracking purchases

Solution

The barriers to implementing eCommerce on a website can be major, and salon owners can have concerns about affordability, manageability and the possibility of unforeseen costs of both money and time.

However, the latest salon management tools are more affordable and can turn eCommerce from a chore into a valuable additional source of income. Here are a few ways the latest software can help salons profit from eCommerce:

- Professionally designed websites are more affordable than ever and can be launched in a matter of days, not weeks
- Web-based software makes it easy to add eCommerce to a website without the need for technical skills
- Salons can easily link credit card processing to their eCommerce sites and inventory management systems
- Salons can track inventory levels and see which products make money and which don't
 - Customers can log into a salon's site, view their purchase history, add items to their shopping cart and make instant purchases
- Gift certificates can be added to a salon's online shop so customers can customize and instantly purchase gift certificates without needing to go to the salon

Mistake 4 Not sweating the numbers

You probably have heard the expression, “it’s all about the numbers.” If you’re a numbers person, you most likely wear a proud smirk when you hear it. If you’re like the rest of us, your mind goes back to algebra class where you continually asked yourself, “Why oh why do I need to learn this?”

Calculate and they will come

Don’t worry, we’re not going to talk about algebra. But managing a salon using accurate financial performance reporting is absolutely critical for success. Extra credit goes to salon owners who use the numbers to guide their growth strategy, not just to check the performance of the business.

Here are a few of the factors we’ve seen that prevent salons from living and breathing the numbers:

- They cannot easily maintain or access financial information
 - The information is stored in paper files or multiple legacy systems
 - The task of reporting is time-consuming and there aren’t enough staff members trained to do it
- Financial reporting systems are expensive and can be difficult to integrate with other billing or point-of-sale systems
- Their records and data show only certain areas of business performance

Solution

Reports don’t need to be confusing or hard to use. In fact, web-based software can now collect details of all the transactions a salon generates on a daily basis as well as a range of other useful data. These systems make it easy to review financial performance and act upon it.

Here are some tricks to help make reporting more beneficial and easier for salons and their staff:

- Record and manage data in one system so salon managers can get data about how much each customer spends and on what, plus run much more in-depth customer reports
- Make sure data can be accessed anytime, anywhere or downloaded in different formats (Excel, etc.)
- Set up a reporting system to be in sync with your appointment book so performance data is always up to date
- Use a system that can easily measure the impact of price changes and enable ongoing fine tuning to establish the best pricing strategy for the business and customers

Mistake 5 Resisting online booking

Think about the last time you booked a hotel room, made a reservation, or even scheduled a doctor's appointment. How often were these bookings done online? Chances are you headed to a website, made your booking and were done in a matter of minutes. Simple, right? There is no reason why salons shouldn't offer their customers the same ease and convenience when it comes to scheduling appointments. All salons need to do is add online booking to their website.

Jump on the Booking Bandwagon

Allowing clients to book how and when they want can create substantial growth in sales and relieve numerous stresses on the salon and its staff. Yet many salons still rely on traditional booking methods to run this vital part of their business.

Here are a few reasons why some salons haven't introduced online booking for their customers:

- They don't realize how many appointments they are missing out on by only having a receptionist schedule bookings
- They're not up to date with the ways consumer demands and buying habits have changed
- They think online booking is too expensive and complicated
- They don't have a way of syncing employee schedules with an online scheduler
- They're afraid to let go of the control of personally managing their appointment book
- They do not have or like their website

Solution

Online booking is not scary, and salons can easily test if it works for their business with inexpensive web-based software. In fact, salon owners with a website can add online booking for a trial period without a big time or cash investment. Here are a few ways online booking can simplify and benefit a salon's business:

- Gives customers the ability to book appointments from any device with an internet connection at any time, so clients can schedule on their own terms, bringing in appointments when the business is closed
- Enables salons to control primetime bookings with customized online calendars that show only the selected times and services customers can book online
- Ensures customers and staff never double book since the calendar is updated in real-time and synced with staff schedules
- Makes it easy for customers to book quickly at any time instead of waiting to speak to a receptionist
- The impact of marketing campaigns can be measured by actual booked appointments and revenue instead of just clicks, likes and open rates

And that's all folks

So there you have it, the Top 5 Common Salon Management Mistakes. We're happy you took the time to read this guide, and hope it gave you helpful insights into common challenges.

You might be a salon management champion and already have a gold medal in all five areas, but if you found yourself thinking, 'Oops, I'm doing that!,' don't worry - now's the time to start snipping and styling your business to make it even better. If you haven't already noticed, SalonBooker has all the bells and whistles to help bring your business online and give you the management and marketing tools you need to thrive. If you'd like to hear more about SalonBooker, feel free to call us at 1.866.966.9798.

Don't wait another minute, ready, set, BOOK!