

How to Increase Profitability: Staff Training and Incentives

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Enhancing profitability for your business and motivating staff has been an on-going mantra for the business community since the birth of free enterprise. It is a proven philosophy for one simple reason: It works. Spas must adhere to this track or fail. Two of the most effective ways to support business success in your company are professional service upgrades and homecare product sales.

Owners and managers continually ask themselves: How do we get staff to recommend an appropriate service upgrade? How do you get them to feel comfortable selling homecare products? This is especially problematic as many of our staff does not see this as part of their job. Further compounding this problem is the aesthetic educational system does not teach or focus on the business aspects of the aesthetician's job. The reality is that, without appropriate service upgrades and the sale of homecare products, a client's skin will never reach the goal she wishes it to achieve nor will your practice achieve sustained financial success. Along with this, a professional's client retention rate will never reach its potential.

An important fact to remember: according to an industry study, if one home care product is sold to a client there is a 30% chance the client will return; if two, 60%, and three or more a 90% chance.

You will also have a hard time retaining top performing staff if they are not rewarded for the results they achieve. The most successful spa and medical practice staff are those who

have the highest retail sales to service dollars ratio which, correspondingly, results in the highest client retention rate. Client retention is the most effective marketing program as it is less expensive and more profitable to keep a current patient than recruit new ones.

The obvious question: how do we improve upgrades and homecare sales?

Keys to Success - People

Two employee groups are important for the financial health of your business: front desk staff and service providers. Each must be compensated and rewarded in their own unique way, according to results achieved for both themselves and the overall business. The basic keys to success are similar.

Educating for Recommendation Proficiency

Clients usually come into the spa asking for a facial, manicure, medical based procedure (laser, Botox, peel, hair removal), a massage or other service. The phone room or front desk will book them for a service; plus, hopefully, an additional service. Then, the client comes to your practice. The key, here, is for the professional to gain the trust of the client *during the appointment*, especially the first visit, by performing a thorough and communicative analysis of the client's needs. This should begin with asking your client questions not telling them about all you can do for them. If you can learn what a client's needs are, the services and products you recommend will be well received as you will be offering them treatments that they themselves feel are necessary. We talk too much and listen too little. Sometimes the best salesperson is the best listener. Teach your staff to listen – in order for a patient or client to take your advice – you have to demonstrate to them that you hear what they are saying. When you then recommend a change or upgrade a service or products, to use, the clients will, by their own accord comply with your

recommendations. To do this well, the staff has to learn not to begin describing services offered or what they plan to do but rather ask the clients (new and old) what they would like to achieve and what about their skin they would like to see improved. **Remember – it is all about them not you.** It's also the basis for mentioning homecare products as a large component of the solution. Fully explaining them at the close of the service as to their relevance, ingredients and use towards the client's meeting their goals will reinforce a sale. From this appointment forward, the professionals will continue to use analysis skills to recommend appropriate services and products to their clients.

Motivation to Sell

How do you motivate your professionals to perform an analysis for recommending upgrades and homecare? Being successful with suggestions of upgrades and in recommending homecare has always been a learned skill for all professionals and front desk personnel. Therefore, we suggest a well-structured training program that will teach all professionals—nail technicians, estheticians, massage therapists—how to recommend products, upgrades and services that the clients need, utilizing techniques such as when and how to approach the client with a recommendation, where to stand, the words to say, establishing good eye contact and touch, et cetera. Using role play, in this program, as practice enhances this skill. This training will stimulate confidence for the professionals, and provide them the information they need. Almost immediately your staff will have the confidence to make recommendations and begin making great money at the same time—for you and for them. You can look to your present, premier skin care vendors to help you offer this training. They must be your strategic partner and in house training and consulting arm – not just order takers. If they are not offering this support, fire them.

The same training, with some differences in focus, must also be provided to the front desk staff. Few Americans feel good about ‘selling’ until they understand that what they are offering is a benefit to the client. We recommend you design a class for your front desk personnel that will explain thoroughly the benefits to the clients in purchasing home care products, and will include role playing. Provide the answers for the most common questions they will be asked, with guidelines that will support confidence, and they will have product jumping off the shelves. Make sure your vendors have programs that make it easy for staff to try and use products. Recommendations to clients about products the staff loves really works. The front desk personnel must *always* suggest and explain upgrades and potential additional services to the service being booked. But only through training will this be accomplished.

Carrying the Right Products

Your spa and practice can be beautiful and the personnel wonderful, but if your products are not what your clientele want or don’t produce results that they see, your homecare sales will be poor, client retention will be dismal, and your aesthetic practice will falter. For that reason, your product lines need to be chosen carefully, then, evaluated yearly. First, research your clients’ service desires, possibly through a survey, and then look at your product line (s). If you purchase relaxation or fluff and buff products and your clients want serious, anti-aging home care, or vice versa, you’ve missed your target. It may be important for you to find a new line or add an additional one. Second, if the line doesn’t fit the demographics, the age, income and sex, of your clients, the persons presenting them to the clients will not succeed in sell through.

Third, if the treatment goals of the clients are not met by the professional services and homecare products, the products will stay on the shelves and upgrades will fade into a distant memory. Always listen to the goals of your clients and choose a product line that will support your people in helping their clients to meet them.

Most importantly, select products that are not readily available in department stores, catalogues, drug stores, and massive on line retailers. You put a great deal of time in recommending home care products – you want to make sure your clients and patients have to come back to you for the product and not get it from someone else. You lose out as does your staff who have spent time educating a client to purchase a specific product or regime.

Monitor the Tracks to Success

Everyone likes to know how he or she is doing—how their productivity stands, how their retention is looking, and much more. It motivates them and provides a track for their progress. They also like congratulations and a pat on the back when they are doing well, and to be given some help and suggestions if they need a boost in certain areas.

We recommend monthly meetings with each individual to discuss their progress and, when needed, a mentor or additional training in the areas where they need help. If conducted properly, these meetings will produce a boost in productivity, both in services and homecare sales, immediately following. If they are not, we recommend you provide additional, positive reinforcement techniques.

We hear many spa owners and directors saying, “I don’t have time for this, I have too many employees.” If so, you need to place someone in charge of this part of your operation as spas that don’t conduct these meetings have bored employees with behavioral problems and low upgrade, retention and sale percentages. He or she will be worth the salary you pay in your spa’s percentage of growth.

Compensation

Our industry employs over 300,000 jobs to people in over 20,000 practices who are compensated, to some extent, based on commissions. The more they make – the better your practice does. We are a large and growing business sector in our economy. Our industry needs a reasonable compensation system that is goal oriented that creates a win-win situation for staff and management.

Most spas are paying a 10% commission on homecare sales and many pay increasing percentages as the employee achieves higher levels of sales, with the slide from 10% to 18-20%. However, we suggest a certain amount of sales should have to be achieved before the first commission of 10% of homecare sales is paid, then at designated intervals, such as 35%, 50% and 75% against services, the reward percentage is raised.

In this way, the higher producers are rewarded for their special efforts, and the lowest producers are encouraged to achieve at least a minimal performance. Variations of these programs are designed by some spas to reward upgrades and treatment series sales.

Many practices set front desk sales goals based on hours worked. For example: 20 hours worked should equal \$400-\$500 in retail sales. Another important measure is the ratio of retail sales to services provided.

Virginia Allentuck L.E., a noted aesthetic educator, offers a course on increasing retail sales. She stresses the role retail sales and service upgrades have in business success and increased staff earnings. Her preferred compensation system which is simple and effective is based on a ratio of service dollars to retail sales. If a staff member sells 25-40% of a treatment service cost in retail products they earn a 10% commission. If they achieve 40-60% it goes up to 15% and over 60% the commission rate is 20%. Simply put, the higher the ratio of retail sales to service dollars – the greater the commissions and earning for all.

A compensation and benefits survey, commissioned by the Day Spa Association, found the following commission practices paid by spas to aestheticians: 59% paid 10-14% on retail sales; 16%, 5-9%; 12%, 15-19%; 7%, less than 5%; and 1%, 25-30%.

Front desk staff had more varied incentive compensation. 51% of responding spas said they paid front desk staff incentives while 49% did not think they should receive any incentives. We feel this is incorrect. All front desk staff should be eligible for an incentive plan. The Day Spa survey found: of those paying commissions to front desk staff 47% paid between 6-10%; 28%, 3-5%; 11%, 1-2%; 10%, 11-15%; and 4% 16-20%.

Incentive plans

Successful spas have a reward plan for stimulating homecare sales and many are offering more than just a commission on sales. Incentive plans are rewards over and above the employee commissions, especially designed for those special high achievers who

recommend and sell at high levels, and involve specific levels of achievement. They run the gambit in innovation in the spas that use them, usually involving some reward other than in dollars. Their underlying goal is to reward the professionals who make the most money for the spas and in doing so, exceptionally grow the spas and their own businesses. A good plan is seen as a genuine reward from the employer that recognizes measurable results. The primary motivator of any compensation plan should be to ensure clients get the best you have to offer. They then return to you with greater frequency. Your staff is motivated and well compensated for achieving results. A sound incentive plan is based on the design of a partnership with clients to make sure they achieve the best possible results, with staff to ensure they are properly compensated, and with ownership to ensure the bottom line is strong. But, whatever the motivation, the high producers performing these activities should share in the higher-than-average financial results of their efforts; it's the right thing to do, and, if on the way, the program has resulted in a little push in their achievements, it's a good plan. Motivation is always a win-win for everyone in a business and usually will provide fulfillment of goals for both the spa and the professionals that might not have been met otherwise.

A successful compensation structure needs to be simple to understand; designed to influence the behaviors you want to achieve; translate your goals into reality; and offer tangible compensation to all staff in a timely manner. Last, make everyone know, in no uncertain terms at time of hiring or thorough periodic staff performance reviews: retail sales and service up grades are a significant part of their job and be prepared to teach them how to do this as most of the time, they will come to you with little skill and knowledge in this area.