



# BOOST REVENUE

BY CAROL AND ROB TROW

**E**NHANCING PROFITABILITY for your business by motivating staff has been an ongoing mantra for the business community since the birth of free enterprise. It is a proven philosophy because 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 home care 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 home care products? The latter is especially problematic, as many of our staff does not see selling as part of their job. Further compounding the problem is that the esthetic educational system does not teach or focus on the business aspects of the esthetician's job. The reality is that, without appropriate service upgrades and the sale of home care products, a client's skin will doubtfully reach the goal he or she wishes it to achieve, nor will your practice achieve sustained financial success. Furthermore, a professional's client retention rate will not reach its potential. ➔

INCREASE  
PROFITABILITY BY  
PROVIDING STAFF  
TRAINING AND  
INCENTIVES



Retail sales and service upgrades play a huge role in overall business success and increased staff earnings.

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

### **Reward, reward, reward**

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 results in the highest client retention rate. Client retention is the most effective marketing program, as it less expensive and more profitable to keep a current client than recruit a new one.

The obvious question is, How do we improve upgrades and home care sales?

Start with the two employee groups that are important for the financial health of your business, your front desk staff and service providers. Each must be compensated and rewarded in their own unique way, according to results achieved for the overall business and through their productivity. The basic keys to success are similar.

### **Motivation to sell**

How do you motivate your professionals to perform an analysis for recommending upgrades and home care? Being successful with upgrade suggestions and home care recommendations have always been learned skills 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 clients need. Educate your staff on utilizing techniques such as when and how to approach the client with a recommendation, where to stand, what words to use, how to establish proper eye contact, touch and more.

Using role play as practice enhances cross-selling skills. Such training will stimulate confidence for the professionals, and provide them with the information they need. Almost immediately your staff will have the confidence to make recommendations and begin increasing revenue at the same time—for you and for them. You can look to your present, premier skin care vendors to help you offer the training. They must be your strategic partner and in-house training and consulting arm, not just order takers. If they are not offering this kind of support, look for new talent.

The same training, with some differences in focus, must also be provided for 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 that includes role playing for your front desk personnel that explains thoroughly the benefits clients will receive in purchasing home care products. Provide the answers for the most common questions clients will ask, with guidelines that support confidence, and front desk staff will have products 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. Only through training will such a task be accomplished.

### **Compensation**

Our industry employs over 300,000 staff members in over 20,000 practices who are compensated, to some extent, based on commissions. The more they make—the better your practice performs.

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We are a large and growing business sector in our economy. Our industry needs a reasonable compensation system that is goal oriented and creates a win-win situation for staff and management.

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

Therefore, the higher producers are rewarded for their special efforts, and the lowest producers are encouraged to achieve at least a minimal performance. Variations of such 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 to \$500 in retail sales. Another important measure is the ratio of retail sales to services provided.

Virginia Allentuck L.E., a noted esthetic educator, offers a course on increasing retail sales. She teaches 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 to 40 percent of a treatment service cost in retail products, they earn a 10 percent commission. If they achieve 40 to 60 percent it goes up to 15 percent. And over 60 percent the commission rate is 20 percent. 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 estheticians: 59 percent paid 10 to 14 percent on retail sales; 16 percent, 5 to 9 percent; 12 percent, 15 to 19 percent; 7 percent, less than 5 percent; and 1 percent, 25 to 30 percent.

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Front desk staff had more varied incentive compensation. Fifty-one percent of responding spas said they paid front desk staff incentives while 49 percent did not think they should receive any incentives. We disagree with the latter. All front desk staff should be eligible for an incentive plan. The Day Spa survey found that of those paying commissions to front desk staff, 47 percent paid between 6 to 10 percent; 28 percent, 3 to 5 percent; 11 percent, 1 to 2 percent; 10 percent, 11 to 15 percent; and 4 percent, 16 to 20 percent.

### Incentive plans

Successful spas have a reward plan for stimulating home care sales and many are offering more than just a commission on sales. Incentive plans involve specific levels of achievement, which provide rewards over and above employee commissions, and are designed for those high achievers who recommend and sell at high levels. They run the gambit in innovation in the spas that use them, usually offering 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 help grow the spas and their own businesses.

An adequate 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, and your staff is motivated and well compensated for achieving results. A sound incentive plan is based on a strong partnership between staff and clients. The method ensures that the clientele receives the best possible results and that the staff is properly compensated. 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. If on the way the program results in a little push in the staff's achievements, it is evident the plan is working.

In a business, staff motivation is a win-win for everyone, and usually provides goal fulfillment for both the spa and the professionals that might not have otherwise been met. A successful compensation structure needs to be simple to understand, designed to influence the behaviors you want to achieve, translate your objectives 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 through periodic staff performance reviews, that retail sales and service upgrades are a significant part of their jobs. Be prepared to teach staff how to carry out the selling task, as staff will usually come to you with little skill or knowledge in the area. ■

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