

Is your Spa's profitability important to you?

Of course it is!

By Leslie Lyon

To be able to gauge your Spa's performance, you need to understand what areas of your business, when carefully monitored, will reveal the most valuable information to you.

You can literally guide your Spa to better profitability, by setting up a priorities reporting system using what we call your "Key Performance Indicators".

To get you started, here are my top three picks:

1. Room Utilization - This indicator will tell you what your maximum dollar capacity is for each room or station.

Formula:

Average service price for that room or station

X maximum number of treatments available per day for that room or station

= 100% utilization

Charting Room Utilization

Date	Room/Station	Max. Capacity	Actual Capacity	% Utilization	Comments

2. Staff Productivity - This indicator will tell you the maximum dollar amount that each of your therapists can realistically produce in a day.

Formula:

Average service price for this Therapist

X average hours this therapist works per day

= Maximum Staff Productivity

Charting Staff Productivity

Date/Period	Staff Name	Max. Prod.	Actual Prod.	% Prod.	Comments

Charting these two indicators will help you to begin to spot trends:

- Is your staff productivity high, but room utilization low?
Solution - more staff?
- Is room utilization high, staff productivity low?
Solution - more space?
- Is your pedicure station at capacity, but your body treatment room mal functioning? **Solution** - Replace poorly utilized room with more pedicure stations OR direct better marketing efforts towards body treatments?

3. Average Ticket Price - This indicator tells you what the average dollar value is for each client receipt.
Constant increase = better profitability.

Formula:

Total service and retail revenues for the day

(the number of guests served that day

= Average Ticket Price

Remember: You can make money with high-ticket sales, but you will only turn a profit when your prices are structured to return a good margin.

Procedure To Implement Your Reporting System:

First decide what you are going to report on; Set up your tracking methods; Monitor them carefully; Act upon what they reveal to you.

To find out more highly rated examples of Key Indicators, be sure to attend the Esthetique SPA International Congress in either Vancouver or Toronto where Leslie will be a Key Note Speaker on this and 3 other exciting topics geared to Spa Management & Operations.

Here are 5 more highly rated examples of key indicators, to be covered in the next issue:

1. Percentage Retail to Service - This indicator tells you what percentage of the service sale you are selling in retail.

2. Performance on Retail Sales Potential - This retail sales calculation will reveal your staff's ability to make a retail sale with clients who have booked services.

3. Conversion on Retail Sales Potential - This retail sales indicator is based on your staff's ability to convert walk-in clients to buying customers.

4. Inventory Turnover Rate - Your turnover rate measures the pace at which your stock is moving.

5. Measuring customer retention - This indicator will tell you whether or not your clients are coming back.

As Fos2b and Lyonshare Consulting, Leslie Lyon's professional practice encompasses 25 years and includes that of Aesthetician, Spa Director, Consultant, Published Columnist, Key Note Speaker and Instructor for her newly developed Management Training Programs located in and around the Toronto, Ontario. To contact Leslie directly or to find out more, log on to www.spas2b.com.