



# **BENCHMARK, MEASURE & GROW**

## *Checklist*



SESSION CHECKLIST POINTS	BENCHMARK, MEASURE & GROW
BENCHMARK DEFINITION	<ul style="list-style-type: none"> <li>• BENCHMARKING is the practice of comparing business processes and performance metrics to industry bests and best practices from other companies</li> <li>• A BENCHMARK or KEY PERFORMANCE INDICATOR, is a pertinent part of measuring the successes and failures of your business. This allows business owners and managers to get an overview of how their business – or individual departments – is performing at any given time.</li> <li>• Businesses use performance measures to evaluate, control, budget, motivate, promote, celebrate, learn, and improve</li> </ul>
YOUR FINANCIAL PLAN BEGINS HERE	<ul style="list-style-type: none"> <li>• Emotionally connect money to your values and ethics</li> <li>• What do you value in life?</li> <li>• Are your financial habits supporting your dreams • personally &amp; with your business?</li> <li>• Financially plan with intention</li> <li>• Connects to the culture, the mission or purpose of your business</li> <li>• Write down your goal. You are 42% more likely to succeed.</li> <li>• A harvard business study found 3% of the graduates from their mba who wrote down their goals earned 10x as much as the other 97% put together, 10 years after graduation</li> </ul>





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THE LADDER ACTIVITY	<ul style="list-style-type: none"> <li>VALUES; knowledge, integrity, encouragement, harmony, connection, respect, professionalism, prosperity, loyalty, financial balance, patience, clarity, innovation, communication, family, freedom, teamwork, courage, leadership, abundance, security</li> </ul>
<i>Knowledge</i> <i>Integrity</i> <i>Encouragement</i> <i>Harmony</i> <i>Connection</i> <i>Respect</i> <i>Professionalism</i>	<ul style="list-style-type: none"> <li>Write down 5 values that speak to you &amp; prioritize them in order of importance. 1 Being highest to 5 being less important</li> <li>For each of the 5 values ask yourself what's important about that value &amp; what does it mean to you. What does it represent in your life?</li> </ul>
<i>Prosperity</i> <i>Loyalty</i> <i>Financial Balance</i> <i>Patience</i> <i>Clarity</i> <i>Innovation</i> <i>Communication</i>	<div data-bbox="673 1281 1006 1974"> </div> <div data-bbox="1031 1333 1412 1753"> 1. _____  2. _____  3. _____  4. _____  5. _____ </div>
<i>Family</i> <i>Freedom</i> <i>Teamwork</i> <i>Courage</i> <i>Leadership</i> <i>Abundance</i> <i>Security</i>	



## SESSION CHECKLIST POINTS

## BENCHMARK, MEASURE & GROW

### INDUSTRY DATA

#### SALON PROFIT:

- The average salon profit margin is 8.2%
- Salon profit margin ranges from 2% to 17% depending on how well the salon is managed
  - $\text{NET SALES} - \text{NET EXPENSES} = \text{NET PROFITS}$ 
    - Ex. Monthly: \$8,000 sales - \$7,000 expenses = \$1,000 profit
  - Calculate net profit margin %:
    - $\text{Net Income} \div \text{By Total Revenue} = \text{Net Profit \%}$
    - $1,000 \div 8,000 = .125$  or 12.5%

#### RETENTION:

- NEW CLIENT 50-60%
- EXISTING CLIENT 70-80%

#### RETAIL REVENUE & TREATMENTS:

- RETAIL REVENUE is more profitable than services. There's no overhead, no product usage, builds loyalty to the salon & stylist
- TREATMENTS: the most successful stylists make the most of their time by doing add-ons.

#### MAKE MORE MONEY WITH COLOR:

- MAKES UP 40% OF IN SALON SERVICES
- 62% GET HIGHLIGHTS
- 42% GET SINGLE PROCESS
- 31% GET A RETOUCH
- 91% ARE MORE LOYAL TO THEIR COLORIST & THE SALON FOR -7 YEARS

*\*14% of all clients purchase retail in the salon at the time of the service, where as, 27% of all color clients purchase retail at the time of the service*





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DAVINES NETWORK DATA	CATEGORY	: AVERAGE	
	Retail per service transaction	: 23%	
	Retention	: Existing- 70% : New- 41%	
	Prebooking	: 60%	
	Overall color services	: 60%	
	Precent of time stylist is booked	: 60%	
	Treatments per month for whole salon team	: 32 Treatments	
SURVIVE & GROW 1. Increase Revenue 2. Minimize Expenses 3. Budget		<ul style="list-style-type: none"> <li>• Raise prices</li> <li>• Sell more retail</li> <li>• Run treatment &amp; retail consumer promotions</li> <li>• Run treatment &amp; retail contests with stylists</li> <li>• Gain more clients by implementing a referral program</li> <li>• More service dollars</li> <li>• More add-on treatments</li> <li>• Cut costs - reduce back bar &amp; hair color waste</li> <li>• Add energy efficient appliances</li> <li>• Maximize brand reward program if available - are you exclusive? More than two brands and your money is going in too many different directions!</li> <li>• Have a nest egg of 3-6 months of expenses stashed away</li> </ul>	



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## BENCHMARK, MEASURE & GROW

### WHERE DO YOU STAND

- Benchmark worksheet
- Plug in salon's numbers to see where they stand against the standard
- Note your strengths & opportunities for improvement
- Focus on where to improve

Category	Standard	Current	Goal/Action-Plan
RPST: Retail per Service Transaction	20% or higher		
Existing Client Retention	70%		
New Client Retention	50%		
Productivity	Team is booked 75-80% of work hours		
Percent of Color Services	50%		
Treatment Add-On	20% cut clients 30% color clients		





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### ACTION/EXECUTE

- Determine the goal or goals to focus
- Is it a S.M.A.R.T. Goal? Specific, measureable, achievable, relevant, timely
- Plan goal with management team
- Create a system, if needed
- Launch to stylists and rest of team
- Get their input on how to achieve the new goals
- Track new goal. Contest, backroom trackers, one on one
- Coach the stylists when they hit roadblocks or difficulty meeting the goal
- Reward the team for meeting the goal
- Set a reminder to check once per month to maintain focus