

# WUTTKE GROUP

## **Key Performance Indicators...your secret to success.**

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Have you ever found yourself asking the following questions?

- How do I significantly improve the overall financial performance of my spa?
- How can I reduce our wages as a percentage of revenue and at the same time increase my team member remuneration?
- How can increase my percentage of retail sales to treatment sales ratio without compromising the guest spa experience and journey?

If you have, you are certainly not alone.

The old cliché of “if you cannot measure - you cannot manage” always rings true. As with most business practices, wherever you place your focus and intent, you will always influence change and get results. This is why KPI's [Key Performance Indicators] is the secret to success in any boutique lifestyle spa business.

So what is a KPI? In simple terms a KPI is an “early warning update” or “insurance policy” to ensure the critical and most important activities in your spa is closely monitored. These activities are deemed by you to be the critical success factors, or drivers, in your business. KPI's can be monitored on a hourly, daily, weekly, monthly, quarterly, and yearly basis so non performing activities can be quickly corrected and the ones that are working are duplicated and continued.

KPI's are also a great way for your team members to monitor and measure their own performance without constant supervision because they know exactly what their performance measures are. They provide a great way to view and identify any trends, positive or negative, from a glance.

Some good spa retail KPI's include, but are not limited to, revenue dollars per paid hour; wages as a percentage of revenue; average dollar sale; number of units per transaction; retail dollars to treatment dollars ratio percentage; lead generation numbers; lead conversion percentage rate; inventory turnover number; inventory shrinkage percentage; and revenue dollars per square or linear foot/meter.

However, although KPI's can be a fabulous tool for monitoring the performance of your business, they do not automatically create results by themselves. If you use the KPI's to punish team members they will react in an aggressive manner which will often destroy the guest experience, not improve it. It takes a smart and intuitive leader to use the KPI's to coach and mentor team members to take the guest experience to a higher level of consciousness and sensibility. Done with the correct intent, KPI's will have a dramatic positive impact on your spa's performance.

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