



**“Your Complete Resource for Spa and Hotel Development”**

## **Blueprint → to → Success**

**By Skip Williams**

When I was growing up the most dreaded questions any adult would ask me was about my future; “What do you want to be when you grow up?” “Are you any good at it?” “Can you make money doing that?” “Where do you see yourself in 5 years?” “How will you support your family?” etc.

They were very legitimate questions about my future and people who cared about me had every right to ask them, but what really bugged me was that I did not know the answers.

None the less, my job today is to ask you those difficult questions about the future of your dream Spa or Salon, and guide you through the process, but rather than frustrating you with only the questions I hope to point you in the right direction to find the answers as well.

There are literally thousands of tasks that need to be done in order to open a Spa, breaking the process down into smaller bites is the purpose of this article. While you could open a business by following this step by step process, please remember that an analysis of every decision that you make will be critically important in achieving success in that business. Therefore I implore you to think about your own strengths and weaknesses, and get help in the areas that are not your strengths. That help can come in the form of a business partner, friends, family, or enlisting the assistance of a professional Spa Consultant.

If you do hire a Spa Consultant, make sure you hire one that specializes in the particular area that you need help in. Many consultants will tell you they can do it all, but my experience is that you will end up with a mediocre job (at best) with generalists, when instead you want specialists.

While this article can not predict every task that will be needed to open your particular Spa, the following should be a pretty good guideline of the process, and the order of events.

### **Form the Idea**

*As a mighty oak starts with a single acorn*, all great business successes start with the seed of an idea. While it is not important to see every detail at this point it is important to “**Decide what you want to be when you grow up**”. Do you want to be a Salon, a Day Spa, a Medi-Spa, a Resort Spa, a Skin Care Clinic, or something else? Do you want to specialize in one or two aspects of Spa related services or have a broad variety of services? What will you offer your Clients/Guests that they can not readily obtain elsewhere?

Think about the services you might offer; think about the décor of the facility; think about the level of customer service you wish to provide and think long and hard about what will make your facility unique. This is the fun creative part of the job that should stimulate the creative part of your brain.

Do not worry at this stage about location, profitability, size, price of services, the pay system you will use, or any of the other thousand details that will come soon enough. Instead focus on the “Blue Sky” and how it might look in your perfect dream.

For some this is the easy part, while others will struggle. Sometimes this part of the process can last a few weeks and other times it may take a few years, either way, just relax and try to picture how your business might attract Clients/Guests and stand out as a unique facility.

### **Run the Numbers**

The next step in the process is to find out “*Can you make money doing that?*” Somehow you will need to take that dream and reduce it to numbers and answer; “How much will it cost to set-up and build?” “How much space will it require?” “How many services will I perform, and at what price?” “What are my expenses including the cost of labor?”

Again, it is not important to have a location at this point, instead let this exercise dictate how much space your facility will require. You will need to start looking at some of the details that will impact cost of set-up, operational expenses, and revenue predictions.

This happens to be a specialty of mine, at our company we perform feasibility analyses for 2 to 3 Spa projects a week, using the “Module Method”. With this method we can learn 3 things about each treatment room, amenity space, or piece of the facility: How much will it cost to set-up? How much will it cost to run? And how much revenue can it generate?

This allows us to look at the cost to deliver each service, what services are most profitable, staffing requirements, cash flow predictions, break-even analysis, the optimum facility size, and much more. You can then determine whether the profitability is at an acceptable level for you to proceed, decide to re-think the concept, or abandon the idea all together.

### **Write a Business Plan**

It has been said, “*Failing to Plan is Planning to Fail!*” and that is never more true than in business. A Business Plan allows you to communicate your dream to investors as well as solidify that vision in your own mind with far more detail than in step one.

A good business plan should include such topics as Statement of Purpose, Opportunity Outline, Mission Statement, Objectives, Company Summary, Company Ownership, Facilities, Products & Services, Detailed Pricing, Pricing Strategy, Marketing Summary, Market Trends, Market Growth, Competition Analysis, Competitive Edge, Marketing Strategy, Management Summary, Organizational Structure, Management Team, Strengths and Weaknesses, Financial Plan, Setup Costs, Projected Pro Forma, Break-even Analysis, and Projected Cash Flow.

It is important to state who you are and what your vision is, but most investors will be asking two main questions; “**What will this Business do in order to Monopolize it’s Marketplace?**” and

**“How much Money can this Business Make?”** So it is vitally important to spend extra time working on the answers to these two questions and make them a significant portion of your Business Plan even if it requires getting professional Marketing and Financial help.

### **Obtain the Financing**

Getting Financing can be one of the most frustrating parts of the this whole process, largely because so much of it is out of your hands and dependant on someone else, often a stranger, saying “YES”.

If you plan to lease space for your business it is even more difficult, because most of the money you will want to borrow will be used for leasehold improvements and marketing, very little of the money will turn into assets that could be used for collateral. If you plan to attract venture capital then you may have an uphill battle because the profit margins in this industry are nowhere near what Venture Capitalists are used to in other industries.

Successfully convincing someone to bankroll your venture comes from very careful homework in the Business Plan, painting a clear picture of your Vision, paying close attention to designing both Profitability and Strategic Marketing into the very fabric of your business. This type of planning is seldom done by one person and I again recommend getting some expertise in these areas which will lend credibility to the projections of your Business Plan. One further note: bankers and lenders seem to understand Real Estate deals better than the nuances of your particular business so anytime you can involve the purchase of land or buildings into the equation you are more likely to grab their attention.

### **Find a Location**

You might be surprised to see that “Find a Location” is all the way down at number five on our chronological list of steps to take. The reason is “Timing & Emotion”, if you find a location too early in the process then find out that the project is not feasible or you can not get financing for it, you are left with 2 choices; 1- Abandon the Project or 2 – Proceed Without the Proper Funding or an Adequate (Profitable) Business Model.

Landlords or Real Estate Sellers can not wait indefinitely while you get all your ducks in a row, and the emotional attachment to a certain location is sometimes greater than the force of gravity. This gravitational force often leads potential business owners to make poor decisions and proceed prematurely or too quickly. So my advice is for you to wait until the previous four steps have been taken before looking for the perfect location.

As you know the 3 most important things about any business are “**Location, Location, Location**”. The Spa/Salon business is no different; I would rather have an imperfect facility in the perfect location, with regards to traffic and signage, than the perfect facility that no one will know about. The best and cheapest advertising that you will ever do will be the look and signage of your facility in a location that will show it off. Conversely it will take copious amounts of money and time to make up for a bad location with advertising and marketing.

## **Intermission**

Once a location has been determined and leases signed the process from here down goes much faster, and many of the tasks that follow will need to happen simultaneously, so take a deep breath at this point and let's move at a very fast pace as you are only 3-4 months from opening and "*Miles to Go Before You Sleep*".

The whole trick with many of these steps is to have them all come together at just the right time prior to opening. It is sort of like aligning the planets, and the planets have names; construction, products, menu, staff, supplies and equipment. Your job is to make it all happen at just the right time. Delays in construction or delivery of something can throw the whole schedule out of whack and cost even more delays. Keeping a careful eye on construction will help you predict if it will finish on time.

## **Design the Space**

One of the most common mistakes made in the design of a Spa is the ratio of "Revenue Production Space" to "Amenity Space". We all want beautiful wide open foyers and ample size changing rooms, we love a tranquil quiet room and then there are offices, laundry rooms, hallways, employee break rooms, etc., but none of this space, as necessary as it may be, will generate revenue. The argument might be that having beautiful space attracts more Clients/Guests, and I would agree, however, carrying all this "Amenity Space" not only means Less Revenue, but also More Overhead Expense, in a business that already has limited profit potential.

Let's look at any of your favorite spas out there, if you count how many treatment rooms they have and multiply that number by an average of 100 square feet (10 feet by 10 feet), you may be surprised at just how little of the total square feet that number represents, often as little as 20%-30% is used for "Revenue Production". What other businesses do you know that use such a small percentage of their overall space to make money? I know of very few, and the few that do, have much higher profit margins on their product or service.

So the lesson is to dedicate as much of the space for making money as possible, here are some guidelines: a Spa less than 1000sf should use 70-80% of the space for revenue, Spas 1000-3000sf should use about 55-60%, Spas 3000-7000sf should use 45-50%, and Spas larger than 7000sf should use about 40%.

Look for an Architect that understands "*Function before Form*" instead of the other way around and don't be afraid to have a consultant review the architectural plans for operational flow. Unless an architect fully understands the operational aspects of a Spa he/she can not be expected to understand why a laundry room has to be close enough to the treatment rooms without being near them, or why a Manicure station next to a Quiet room or Massage room may not be a good idea, and why squeezing one more treatment room into the design may mean the difference between success and failure.

## **Commence the Construction**

Finding the right General Contractor for the construction of your Spa is priceless. Besides being

honest, and affordable he/she must be flexible and punctual. Every minute of the construction phase is money, both money going out and the lack of money coming in. A good Contractor will get the job done on time, be flexible with minor changes throughout the process, not be unreasonable about financial demands, and stand behind the work.

Try to visit the location at least once a day during the construction phase so that you can foresee any logistical problems that may arise before the corrections become expensive. Some good examples of this are electrical outlets in inconvenient places, or doors that swing the wrong way or swing into a piece of equipment you will later put into the room.

### **Begin the Marketing Process**

Usually the construction phase lasts 2-4 months (much longer if you are constructing a building) and this is about the amount of time you will need to begin the “Pre-Marketing” campaign. It may seem early but believe me when I tell you it could mean the difference of being profitable 2-4 months faster, which will make an incredible difference in your first year cash flow.

If you are not comfortable writing advertising copy and/or you were not a marketing major in college then I recommend hiring someone or some marketing firm to do this for you. Hold them completely accountable for the results and work with them on a daily basis to insure maximum return on your marketing dollar. Marketing is not easy, there is a little magic to the whole equation and failure here will insure failure for the business, and spending the money early means making money faster, saving precious cash flow.

### **Design the Décor**

Anyone can be a decorator if you have an unlimited budget, but real creativity comes from someone who can take pennies and make it look like dollars where spent. Am I describing you? Do you have an “inner designer” yearning to break out? I find that many people have great instincts and a wealth of creativity within our industry, and if that is you then by all means go for it and decorate yourself, if not then hire a professional, but find one that knows the value of a dollar and can enhance YOUR vision not make a vision of their own.

Some of the loveliest Spas I have been in have used plants and fabric and wonderful colors to make a far bolder statement than expensive furnishings and art. Find the balance that best speaks to your “Feng Shui”.

### **Design the Menu**

You may have a pretty good idea of what services you want to offer and your product vendors will help you come up with some more, but here are a few guidelines that you may not have considered:

**“Do Not Try to Be Everything to Everybody”**, this is a common mistake made by Day Spas. They have a huge variety of services so that they offer something for everyone. First, this is a waste of time because 80% of the sales you do will be the plain vanilla massage and facial. Second you need to specialize in one or two services that you want to become known for so that anyone wanting “Cellulite Reduction”, “Microderm” or whatever your specialty is, will think of

your Spa first and know that they are getting the very best of these treatments and not a mediocre version of 32 different flavors. Third, this will simplify training and allow you the time you need to build consistency into the delivery of ALL your services. Forth, a wide variety of services requires a wide variety of labor with various licenses standing by and ready to deliver when someone orders that specialty. Simplifying the menu allows you to minimize your staffing requirements, thus saving you money and aggravation.

Try to make the menu simple, in order to facilitate an immediate buying decision. Nothing is worse than someone needing to “study” your menu for a few days before they are comfortable making an appointment.

### **Select the Product Lines**

It only takes one trade show to know that the biggest problem with picking Product Lines is trying not to be overwhelmed. Attempt to work backwards, by asking yourself; “What am I trying to accomplish for my Guests/Clients?” “What do I really need from my Product Line?” and “Are my Clients/Guests on a budget or is money no object?”

Then you can begin to narrow your choices down to a small handful. For example if your Spa approach is “Holistic” then Products with artificial ingredients are not an option. If “Anti-Aging” is the focus then the more high tech Product Lines are probably your best option.

Once you have narrowed the field then invite the salespeople of these few companies to come visit you to analyze them further. See if they are a company that you can deal with the investment, payment, and delivery requirements and then sign-up and make your best deal. One word of caution, my experience is that they will always want to sell you far more than you will need to get started, be very protective of your cash flow and do not spend more than you need to.

### **Purchase the Equipment**

Much of the equipment will have lead times of about 6-8 weeks but check with each manufacturer or distributor when specifying the equipment so that you can plan accordingly. Then reassess your construction schedule prior to placing these orders so that you can request a time for delivery that allows you to accept the delivery and begin any set-up and assembly that may be required and not interfere with incomplete construction.

Careful planning will also prevent you from having to “overnight” or rush deliveries, saving much in shipping expense. Any piece of equipment that will prevent you from opening should be followed up on regularly to assure on time delivery, words of experience here; “Never trust that a vendor will do what he/she promised, always check and double check”.

While linen and uniforms are not technically equipment this is also the point at which you need to purchase and schedule their arrival as well.

### **Begin Writing the Employee Manual, Operational Procedures, and Job Descriptions**

This can be a daunting task if you start from scratch, and if that is your plan then you should

have started them even earlier. Not because you needed them prior to this time, but because at this point you have dozens of things you are working on simultaneously that need your attention, and writing these takes a lot of concentration. There are however a couple of remedies, you can find Ready-to-Use business tools out there that can save you about 70-80% of the time it takes to write these important documents and guidelines, or you can hire your Assistant Manager at this point and assign that task to them (or both).

Why are they important? The short answer is that you will need them to assist in the hiring process and the training process. They will help you build consistency in the delivery of the services your Spa sells, simplify the training process and allow your employees to know what is expected of them. Waiting until after you are open to do this is too late, this is what will insure high quality personnel, high quality customer service, and high quality services.

### **Create Processes and Systems for Reservations, Accounting, and Marketing Information**

Computers can be great and they can make this job easier, but you will need to design the steps in the system that will insure; great customer service, keep employees honest, provide accurate accounting, and keep important marketing information on all your Clients/Guests.

Always build checks and balances into the system so that “Closers” are double checking Front Desk Agents and then Managers or Controllers double check the closing reports and Owners see Daily Reconciliations and Bank Reconciliations. The systems you design should also be Customer friendly and make the accuracy and timeliness of their appointment smooth and seamless. The process should also be collecting data on all your Clients/Guests so that you can accurately market to them via phone, email, and direct mail.

### **Select the Employees**

Besides designing the right compensation system, which is a pet subject of mine that will NOT be covered in this article, selecting the right employees is the MOST IMPORTANT task in front of you. The right people will make it a pleasure to go to work, the right people can make your customers' day, and the right people will make your business successful. Of course the wrong people will have the opposite effect!

How then do we find them? When it comes to recruitment I have a saying; “***You have to kiss a lot of frogs to find a Prince!***” and that means you have to have a large inventory of applicants if you expect to find that nugget of gold. Do not be shy about finding a Human Resources expert or consultant to help you with this most important task.

So advertise a job fair creatively, use newspapers, bulletin boards at massage and beauty schools, word of mouth, and referrals.

Next, know what you are looking for. If you spent some time creating the “Job Descriptions” discussed above you will know the requirements needed for each position. But I like to go further than that and find people who have the natural talent that I am looking for, such as the natural ability for customer service, sales, career oriented, care giving, etc.

Design the questions you want to ask around what amounts of these or other characteristics that you are looking for. They will vary from position to position so design a set of specific questions for each position and decide ahead of time what the “desired answers” are. This will allow you the ability to have an unbiased process that will obtain the very best “picks of the liter”

and take the “subjection” out of the process.

If you’ve done your homework or hired a Human Resources expert that believes in the same process to help you, then you “will have found your fair Prince(s)!”

### **Training the Employees**

Copious Training and Adequate Testing will insure that your Spa delivers services uniformly and with your company’s flare and details. This will allow you to “Build a Brand” which will be important for future retention of Clients/Guests.

Providers may know how to give a Swedish Massage, but they must learn your version of a Swedish Massage, the correct order of events, and the flourishes you want added to the service to make it uniquely your Spa’s. Train to the specific Standard Operational Procedures (SOP’s) that you designed previously. If your staff comes up with suggested changes to the SOP that will enhance the service, feel free to implement it, but be sure EVERYONE incorporates the changes into their routine.

Then test your Providers to make sure that they are doing the procedure step for step and stroke for stroke. Do not allow them to perform the services until they are doing the steps perfectly.

Finally this process is not just for Providers, it should also be used for Front Desk staff, Attendants, and any other positions that will have repeated tasks involved. SOP’s, training and testing will allow you to build the quality into all that you do and consequently build a brand that will bring your Clients/Guests back for years to come.

### **Customer Service Concepts**

Establish the level of Customer Service that you would like to achieve. I like to use the “Stars” and “Diamond” ratings that you find in Hotels. Do you want to be a 3-Star Spa (customer service wise) or a 5-Star? If you are not already familiar with the differences then visit a few hotels with various ratings to see the difference in how you are treated. High Tea at a Ritz-Carlton would be an example of just how good customer service can get with the right people and training. Perhaps that is too “High-Brow” for your cozy Day Spa, that is fine just decide the level that you want, then quantify it, and then train to it.

One last note on the subject however is that without the right people, people that have the natural talent of a servant’s heart, then training alone will not work, it is like trying to teach a dog to quack, it isn’t going to happen, sometimes the dog might sound a little like a duck, he may even be able to imitate the duck, but he will never be the duck! Talent comes from the inside and who we are; it is not a skill that is learned!

### **Install Equipment, Furniture, Décor, and Fixtures**

Deliveries should now be arriving, you have the staff on board, and hopefully the construction has left the building (or at least is no longer in the way). So we all work to begin assembling the



equipment, moving things into place and decorating. It can be a frantic time but usually a fun time with everyone pulling together to prepare for opening.

This is also a good time to call in help from friends and family (if appropriate) to help with some of these tasks, because each can be time consuming and “**many hands will make light work**”.

### **Install Information Technology**

Phone systems and computer networks are usually best left to professionals and this is the time for them to be installing their systems. Make sure the installers are keenly aware of your exact needs, for examples: Exactly how many phone lines you will need, and how and where they should ring to. Where will you need your work stations, printers and faxes set-up, and any specific needs of your Spa software such as SQL or Server requirements?

### **More Training**

Now that you have several things installed, phones and computers in particular, you may find that you need to modify the SOP's for a few things based on new information that you did not have before. This is the time to change your processes and train with the modifications in mind.

Also this is your last chance to review the existing processes and practice as it may have been a week or two since your staff worked on them.

Training however is an ongoing process and it should be the second priority of what everyone works on right after taking care of the Clients/Guests. This is what will separate you from your competition and make a smooth running profitable operation.

### **Open the Doors**

The day that you've been waiting for has finally arrived! Because you did your homework, started your marketing early, construction and décor are complete, and you have the best selected and best trained staff in town, you are in great shape. A grand opening party would be nice, but at least have an open house that potential Clients/Guests can feel free to come see your beautiful facility and learn about the wonderful services that you will be providing.

### **Continuous Analysis and Improvement**

“**Always be Better Business Today than You were Yesterday**” should be your motto from here out. Your processes should get better, your staff become more efficient, and your marketing more effective and further reaching. Training should continue, as mentioned before, and new ideas incorporated into the operation on a regular basis. Never be content with the services levels or the profitability of the business!

### **Conclusion**

Remember that you must always think ahead and you can not be totally focused on one step without thinking ahead to the next steps, I hope this chronological blueprint of events to opening your Dream Spa is helpful.

Please also know in any project there are at least a thousand other overwhelming details, often unforeseen that we could not write about in this article. This is where getting the advice, guidance, or better yet the full time help of a consultant or someone who has been through all or most of this process before is invaluable. It can save time, money and most of all your sanity!

If you are presently at some point on this timeline and have opinions or questions I would love to hear from you, please let me know how useful this “Blueprint” is and what challenges you are facing.

Best Wishes & Healthy Profits

Skip Williams  
Resources & Development  
[skip@resourcesanddevelopment.com](mailto:skip@resourcesanddevelopment.com)  
[www.ResourcesAndDevelopment.com](http://www.ResourcesAndDevelopment.com)  
702-436-0371