UNDERCHARGING AND OVERSPENDING

The Importance of Tracking Services, Formulas, and Waste

Running a successful salon presents many challenges. There are many variables for an owner to consider when trying to run an efficient operation; color line(s), compensation models, how many hours can they spend behind the chair (if applicable), and so on and so on.

The complexities of the hair color business add another set of risky variables to a salon's operations. Unlike hair cutting and blow-drying services, hair color services allow for a multitude of unexpected changes that can drastically affect a salon's profitability; appointment add-ons, increased product usage, and costly errors, among others. There are many moving parts to hair color services, that if left unchecked, can sink a salon's profits, reputation, and cause their doors to close permanently.

Other than the normal day-to-day struggles of operating a successful salon, there are two fundamental challenges that are well-known across the industry; hair color waste and not charging for all color services and treatments.

Wasted hair color affects the top-line, bottom-line, and has a significant impact on the environment. In fact, 25-40% of hair colour product ends up being discarded. When you add this to the cost of all the products used to perform a color service (foils, color tubes, excess hair color, papers and plastics), it's costly for the salon owner. The sad part is that most of this waste, if not all, ends up in our waterways or landfills.

In addition to the massive waste problem, undercharging for color services has become a norm in the industry for too long. Salon owners frequently rely on the honor system to charge customers the appropriate service price. Through our research and testing we estimate that the average salon is letting 10-15% of their color service revenue walk out the door without being paid for!

Due to time constraints and lack of available systems, salon owners to have become accustomed to throwing away 25-40% of their color inventory and lose out on 10-15% of their color service revenue.

INSANE RIGHT?

Let's look at why these
two problems exist ▶

Most, if not all salons, have some process in place to record client formula details and customer notes. In order to perform a 5-star service in a timely matter, there are many factors for consideration. Maintaining an exact record of all service details requires the salon staff to manually input notes, formulas, and other details in the main salon software. This is the most common method of maintaining some level of consistency in color formula application. Writing notes on paper travelers and/or relying on staff to input notes directly into the salon POS increases the probability for errors, or worse, no details at all.

Trying to recreate a formula without accurate notes

Recreating formulas for repeat guests from memory increases the risk of not meeting the client's expectations. After all, consistency drives guest retention.

Failure to meet a guest's expectations leads to attempting to correct the color on the spot or getting the guest to return for a costly redo. This is a significant waste of product, time, and money. Not to mention the cost of the client not returning to the salon!

The Formula was Recorded

The most common formula volume is based on 40-60g of color. Unfortunately, this volume contains a significant amount of waste. Additionally, if a stylist runs out of color mid-mix, they typically run back to the color bar to mix a half or a full batch to replicate the formula consistency.

How big is this problem?

Here are some numbers from a salon that Vish worked with over a twelve-month period.

90 DAYS USING VISH

BEFORE ▶ AFTER

AVERAGE MONTHLY WASTE
26% ▶ 5%

HIGHEST MONTH OF WASTE
$1,756.00 ▶ $284.25
22,625 g | 3,789 g

PRODUCT USED PER SERVICE
$12.30 ▶ $9.14
174.0 g | 129.3 g

WASTE COST PER SERVICE
45.1g ▶ 6.4g
$3.09 ▶ $0.43

Holding staff (and yourself) accountable to accurately charge your guest without reliable systems is near impossible.

Current methods of tracking all services mixed at the color bar — that rely on staff updating the front desk — is long overdue for modernization. Even the most efficient salons are missing out on tens of thousands of dollars per year because manual tracking is highly prone to error.

Without effective systems, salon owners are left to manage their color business with estimates, manufacturer benchmarks on what they should be using per application, and trust in stylists to use what they're supposed to use for each service.

Consequently, the honor system is the most widely used method of updating the front desk for add-on services and extra product charges. Simply put, the honor system is not effective.

Example: It's a busy day at the salon. A new customer has booked a partial highlight. The colorist performing the service determines that a full head highlight and toner is needed. The stylist performs the service and is now running behind due to the extra work that was not booked by the customer.

Meanwhile, the next customer has been waiting for 15 minutes. The colorist says goodbye to the new customer, then starts the next service. As the first customer walks out the door, the colorist realizes she forgot to update the front desk for the extra charges.

Does this scenario sound familiar?
What would you do in this situation?
Do you contact the customer to inform her that she was undercharged?
Or, do you swallow the loss? Yes, in most cases, you take the loss.

A salon's current POS software requires manual updates to let the front desk know if the service code changed, or if there were add-on services used (i.e. toners, treatments, etc.), and/or extra products were used.

Typically, staff are not giving away services because they are dishonest or malicious. It is money out of their pockets too. Stylists often let things "slide" because they build personal relationships with their customers, or they simply forgot. Most stylists struggle with the financial aspect of the relationship.

Vish's Recommendation

Remove the burden from colorists. After all, the salon has a pricing menu, and unless something unusual happens with the service, why would there be a discount?

What Can Vish Do for Your Salon?

Our goal at Vish is to help salons eliminate waste, improve relationships, and increase profits. Want to see what Vish can do for your salon? Book your demo today and let us show you how Vish can work for you.

80.8%

Reduction in hair color waste

25.7%

Reduction in the total product used per service

10-15%

Increase in color service revenue