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Welcome to "Beyond the Mirror" with your hosts Adrienne Varga and Jodie Field. In this podcast, Adrienne and Jodie take you on an intriguing journey beyond the surface, deep diving into the world of business in the hair, skin, beauty, and wellness industries. From business success tips and marketing hacks to industry insights and trends, it's all here. They leave no stone unturned, so get ready to unlock your full potential, evaluate your business, leave behind the limitations, and embrace the endless possibilities that lie beyond the mirror.

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Hi, everyone. It's great to be back for episode six. I'm Jodie Field, and I am joined by my work partner, bestie, and business partner, Adrienne Varga. During these podcasts, we share with you how to turn challenges into opportunities, overcome obstacles, and discover practical strategies to create your success.

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Hi, everyone, and welcome back.

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Today, we're continuing from our last episode where we talked about how to bring change to the hair, beauty, and wellness industries and how we can help salon and studio owners elevate their businesses. Yeah, we're discussing the three areas most salon and studio owners have trouble with and how they can turn things around, breaking the statistical cycle. I'm still tongue-tied saying "break the statistical cycle." Adrienne, that statistic states 80%.

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I know. We need to practise them all. The statistics say that 80% of salons and 81% of studios do not survive beyond their first 18 months of business. That could be whether they're starting a new business or whether they've bought a business from someone else. Okay.

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And then on average, and this average has been around for ten or more years, I've known it since it'll be longer. It must be 20 years, because it was like this when I first bought the salon. 50% of businesses close within the first six years. The most heartbreaking part of it is that a large percentage of those businesses that have to shut their doors were actually profitable, and all they needed was just some help. Yeah, absolutely.

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And the number one thing a business owner can do when they are struggling is actually to ask for help. The very sad statistics or the very sad fact is that very few of them know where to ask for that help. You're right. Look, that's so true. And I'm going to do the nerd statistics again.

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So remember when we were doing our Google Ads and we were setting up our ad accounts for that? And what we were doing, we were searching to see how many people in the hair, beauty, and wellness industry actually looked up and Googled business coaches. Do you remember that number? Do you remember the number? Yes, unfortunately, it was a very low

number, less than 200 people worldwide per month were looking for business coaches. And we're talking about three of the largest industries in the world, and less than 200 business coach searches worldwide per month.

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That was absolutely mind-blowing. Yeah, it is. It's shocking. I couldn't believe that it was so low. And it actually brings us back to our topic today, which is how we can help salon and studio owners elevate their businesses, keep their doors open, and thrive in all areas of their business.

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And in the last episode, we covered the reasons why they fail, and now we're moving into part two of challenging the statistics. The first of the three reasons, which is actually number three, was their team. We talked about how that influences a business and how a team can make or break it in different ways. And it's not always about hiring the wrong people.

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Sometimes it's about the way they've got the right people, but they're not the right person to be leading those people. And we talked about what can be done to change that. Then we had area two, which was planning and marketing. That all came back to social media, how to set your goals. You spoke about how to niche and target your right audience and the difference between value and price-based clients and what that means for the business.

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And now we're moving on to the big brother of business. We're calling this one the number one reason salons and studios are victims to the statistics and close their doors. Drumroll. Yeah, it's business foundations, and that includes budgets, tracking, KPIs, and pricing. It's basically the part that most creative, holistic, and mindful people who go into these industries because they're passionate about what they do and enjoy it, they often overlook. It's the boring bits, the numbers.

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We've noticed that most salon owners who have gone into business because they love what they do and want the freedom to be their own boss, create their own work-life balance, which Arjee refers to as work-life harmony, and they want to make the money they deserve for all their hard work. So what can someone with that much passion and commitment do to not become a statistic? Well, the solution is very simple, guys. It's actually education.

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And when I say education, I mean learning about their business and learning about how to run a profitable business. We've been at a couple of conventions lately where we've been watching both industries, the hair and the wellness industry conventions, and beauty as well. We've watched how many owners are in there buying up big on all the latest gadgets, all the newest products.

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You see them when they first get a business. They want to renovate it and gut it completely. They want to put their stamp on it, establish their branding, and make their branding known

in the market. They want to do all the training on the latest trends. But there are some crucial aspects that they're missing. Did you notice?

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None of them went looking for information on their numbers or how to make their business more profitable. Unfortunately, if the numbers don't stack up, then it doesn't matter how passionate or the profitability, it just doesn't stack up. If they have the passionate aesthetics, they're not going to sustain a business long term. Yeah, and if you think about the three reasons why most businesses are failing, none of these are the reasons people are failing.

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It's not because your business doesn't look like a certain standard, and it's not because of your skills or knowledge. Yes, those are very important, but if you look at the statistics, the three reasons have nothing to do with that part. What most salon owners and studio owners are focusing on. So where should they be focusing on? If they're going to learn about their business, what do they need to learn?

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What exactly do they need to learn about, and where can they start? Yeah, so the first thing, which we always drive home to everyone, is building really strong foundations. Just think about building a house, isn't it? You wouldn't build a house without having a really strong foundation because it wouldn't stand strong against weather conditions. It's exactly the same for your business.

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If you are starting to build your business from the wrong part of the business, like maybe putting up the walls first or trying to establish some kind of structure without a foundation, it's not going to work. And it's the same for your business. When we talk about foundations, we're talking about some key elements. I'm not quite sure, do you want to start with the first element, Jodie? Yeah.

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So when you first start, it's going to be about the budget, isn't it? Like, what does it cost to keep your doors open? You need to know exactly how much you need to make per hour to keep your doors open so that you are able to pay your bills. You need to be able to pay your bills and pay yourself. So it all comes down to how much money do I need to make?

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And then, Adrienne, let's talk about step two. Yeah, before we get to step two, I just wanted to point out, from experience working with these business owners, salon owners, most of us are just winging it in the beginning because we don't even have an idea of what we should be tracking or what we should be measuring. We work really hard, we put our heads down, but as you like saying it, we are busy being busy, and we end our week with not much money left in our bank account. And that's a big problem because we work hard, and then we wonder why we don't grow, why we don't have the right money, and why we end up being almost broke regardless of all the effort we're putting into the business. And this is exactly the reason why because we have a business, and we don't know our business enough to be able to run it. Now, I can move on to number two. So number two is basically understanding

your income. So we've talked about what is going out of your business. You'll know all your costs, and now you need to monitor what is coming into your business. Business owners often fail to track things, we fail to monitor things. We have a rough idea of what comes into our business, but when we go into the statistics and I ask, "Do you know what is the biggest earner in your business? Which classes are the best money makers in your studio business? Which services are the best money makers? How much money is your business making out of retail or treatments?" Then everyone says, "I don't know." This is when it comes back to yes, we need to monitor what is coming in, but you need to know what to monitor. And then once you monitor things, the challenge becomes understanding what this data tells you about your business, doesn't it?

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Yeah, you need that data to be able to build the strategy. As we were talking about in the last episode, it's vital to have this, and most people, when it comes to asking them for these numbers, they guesstimate everything. They say, "I know what my budget is," or, "I know how much I make, it's about three and a half grand a week," or, "Yeah, it's about this much." And that doesn't cut the mustard. Big corporations and profitable businesses know to the dime what is coming in, what's going out, and where things are getting spent, and that's why they pay such close attention to it.

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So we've got the ins, we've got the budget, which is our outs. Another really good thing that people aren't aware of is that when you see these numbers, you can actually find where your business is losing money, and you can plug up those holes, which means that you are making more profit because you're not losing money in areas where it's getting wasted.

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Now, when it comes to profit, the big thing that everyone's always asking us about is pricing and how they should price. What's the right way and what's the wrong way? All right, so this is a really big subject, and everyone is asking about pricing. And the thing is, if you pay attention to Facebook groups, that's actually 80% of the time people are asking, "What do you charge for this? What do you charge for that?"

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There is a right way and there is a wrong way to do pricing. And most of us, when we start our business, we are actually doing it in the wrong way. Because what we do is we do our research by asking other business owners how much they are charging for certain things. But what we don't realise is that we can't copy other businesses' pricing because our businesses are running on a completely different cost, a completely different business model. And this is actually the wrong way to start a business.

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Unfortunately, most of us start our businesses either by inheriting pricing from someone else or looking around in the area, thinking, "Susie has a studio, and I don't know, John has another studio. How much are they charging?" Then we base our pricing, logically we think, on what others are charging, and then we end up wondering why we're not making enough money. Yeah, look, that's true. And you see places that are flat out busy, all the classes are

booked, they need to take on new staff, but they can't find any. They're always running around, but at the end of the day, there's just not enough money sitting there in the bank account, and they're wondering why. It's really simple.

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It's the pricing that isn't right, and more clients do not mean more money. Correct pricing means more money. It takes away all that confusion, and we've been guilty of it ourselves. We used to think, "Oh, they charge this much, people are going to go to them because they're cheaper." No, people are going to come to you if you're good at what you do, if you're passionate about what you do, and if you're skilled because you've had all your years of training. Then you'll be able to price for your value and your worth, and you can stop giving out discounts just to attract someone to come in.

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We need to remember that not everyone is meant to be our client. Just to bring it back to this point, when you have a business that's really busy but doesn't make enough money, it's because you don't have a clear strategy about who you want to bring into the business. So you end up trying to serve everyone, and you have a big influx of clients coming in, but your business is actually not working in your favour. Your team gets overwhelmed, and you attract the wrong clients to your business. So that's something I think is very important to mention as well.

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Exactly right. And I think with the pricing thing that we always talk about, don't assume what someone will pay for something. That's just so rude. I don't want someone to make an assumption about whether or not I can afford to have the facial I want to have. I don't want someone to assume whether or not I can afford to do three classes a week. I don't want someone to assume whether I can afford to have... don't look at my roots today, but that's because I'm allergic, not because I can't afford it. But I want to choose where I spend my money.

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Especially in my younger years, I was a shoe and bag girl. I didn't care about makeup. My skin was really good, so I could wear cheap makeup. It didn't matter. I didn't spend money on my hair because I could do my own hair. But give me a nice piece of jewellery or a handbag, and I will blow my rent money to go and get that. It may not be the best budgeting sense, but I did it once and I learned very quickly not to do it again. But I'll choose where I will pay for high-ticket items. And if you think about those men and women who really care about their hair, they take pride in how their hair is or their body, they spend their money on organic food, they remove toxins from their house, and they value having a functional body. These are the people that don't assume that someone won't spend the money just because you wouldn't spend your money in that way.

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Yeah. And when it comes to creating your price, working on your price, it should never be an emotional decision. Pricing is not an emotional decision. It's actually a tactical decision, a strategic decision. And this is when emotion needs to be removed from when you are working through your pricing. Because no matter how much others are charging, if that ticket

price won't get you to break even plus profit, then if you copy them, what's the reason for you? Sorry, I said, "Why are you in business?"

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Exactly. What's the reason for you to run a business? So it comes back basically like, yeah, running a business is all about strategy. It's all about foundation, all about understanding business. When you're working on client relations or building your team, that's when more emotions can come in. But again, when it's about business, everything becomes structured, strategic, and knowing exactly what you are doing and why you are doing it. I think a reason why our industries like the hair, beauty, and wellness industries struggle so much with this is because they're emotional people. These people are very in tune with their emotions, and they're creative.

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And there aren't very many business owners who are able to disconnect from that because we get so involved in our clients' lives. We hear about how the kids are doing, the troubles going on with their partner at the moment, or how work is. We feel like we're invested in their life and we feel like we're part of their family. But at the end of the day, we're not. We are able to provide that service, have that empathy, and be the best that we can at what we do, giving our best selves. But this is a business, and that's why companies and big corporations make money, because they're not running their business on emotion. They may have their values and their ethics, and their business adheres to those values and ethics and a level of customer service, but the numbers come first. The numbers have to come first.

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Yeah, we went a little bit off track there because I'm very passionate about this.

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But I guess another thing that I've also noticed is that it's important to get it in the right order because I think a lot of business owners believe that they need to do their marketing and get more clients and have their team trained before they start working on the foundations. This is where their business investment strategy is wrong because it's putting the cart before the horse. They wonder why it topples over or they can't go any further because they seem to have hit this ceiling. Yes, absolutely. This is exactly the biggest mistake business owners come to me with because they believe they need more clients when, in fact, they have enough clients. They need to get their pricing and foundations right first, and that's why they begin to struggle and can't work out why it's so difficult to get to the next level because seemingly they have clients flowing in, they do marketing, and they do everything they can think of apart from actually working on the business strategically.

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Yeah, I'll give an example. We received an email today from someone who had applied for one of our focused business grants. She said she's got a good salon that's not struggling at all, but she wants to go to the next level. It pays for her mortgage and it's doing okay. She's looking to hire an apprentice and she wants more staff to come in. She wants to work fewer hours, and she's not making enough money. But instead of prioritising working on her business to achieve the lifestyle and the goals she wants, she's hesitant about investing in her business right now because she feels she needs to focus on aesthetics for her website,

getting the apprentice trained up on the floor, working out her business budget, and maintaining her social life and going out with friends.

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And it's like, wow, okay. Many business owners, especially creatives, have too many distractions. They see the bright, shiny thing, and I'm guilty of that too. I see something that gets my attention, and Adrienne has to grab me and pull me back into line and say, "No, we're looking at these things here right now." Or she'll tell me to stop talking to her because she can't hear any more of my ideas since it's taking us off-topic. But yeah, it's surprising that people say they'll work on training their team members and getting their website right, but they're putting the cart before the horse.

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But it brings us to the end of this episode and the topic for our next one, which is going to be "What do I really need to work on in my business?" That's Adrienne's iceberg method.

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And you know what? The next episode also ties in with our upcoming Salon and Studio Empowerment Training Session. We're so serious about breaking the cycle that we've decided to help 100 salon and studio owners over the next twelve months level up into our top 10% club.

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Yeah, and you may remember, if you were here in the last episode, this is our club for all the business owners who have become the top 10% earners in the industry.

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Yeah, that's right. We've been doing this for a little while, and we've got a few members up there now. We know that it works, and we want to help as many people as we can because we really are serious about breaking the cycle of statistics for both industries.

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So if you want to learn more and uncover our signature growth techniques and winning formulas, head on over to our website, focusgdt.com, and register there. You'll need to be quick because the timer will run out, and it's only free for a short amount of time, and then it reverts to \$97.

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Yes, absolutely. And also, don't forget about our quizzes. So we have two different quizzes, one for salon owners, which is the Mastering Salon Excellence quiz. When you take the quiz, you will reveal your signature growth formula, and you will also receive a Personalized Salon Success Quiz Report, which will be unique to you. And if you're a studio owner, our quiz is called "Elevating Your Studio." When you take the quiz, you will learn the secrets to turning your passion into prosperity, and you'll also receive your personalised studio success quiz report too.

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Okay, well, that's us for now. We'll see you in the next episode. And remember, follow us on Instagram and Facebook. Our handle is @focusgdt. It's the same for both platforms. And we'll say goodbye for now.

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Goodbye for now, guys. Bye-bye.

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Well, that was "Beyond the Mirror." Thank you for being a part of this exhilarating adventure. Join Adriennea and Jody next week as they continue to help you unlock the true potential of your business so you can leave your limitations behind and embrace the endless possibilities that lie beyond the mirror. And if you have a burning question that you'd like to feature as a guest on this podcast, just leave us a message at the podcast page at focusgdt.com. So until next time, keep pushing boundaries, keep thriving, and always remember that your success is right here, right now, beyond the mirror.