

By J. Elaine Spear

Illustrations by Eris Klein

## No longer willing to settle for less than stellar advice, today's forward-thinking

day spa owners are enlisting the services of highly qualified consultants who specialize in key areas of their businesses. These pros are providing customized programs and business models on concerns as diverse as cinching up expenditures without dampening the quality of customer service, structuring a business to be more marketable, pushing growth past a plateau and developing a niche brand that catapults your spa far ahead of the competition.

"Twenty years ago we didn't have 500 product lines, endless treatment options, a sea of high-tech equipment, or the money guys developing chains and crossing over from the hotel and resort industries," says Carol Phillips, founder and creative director of EncompassOne in Manassas, Virginia. "These days it's difficult to run a profitable mom-and-pop venture. This doesn't mean that you have to build a 14,000-square-foot Godzilla spa to compete, but your business does have to be run expertly to ensure you aren't just working for varicose veins. Hiring the right consultants can give you a fresh perspective on your situation, as well as the tools you need to move forward."

As the day spa industry continues to become more sophisticated, spa experts advise that it's unlikely that you can hire one consultant and still receive the best advice in every category of your business. Instead, they suggest turning to specialists who either work as individual consultants or are part of a team of experts. These niche consultants specialize in finite areas such as retail development, financial advice, team building or marketing plans that are spot-on when it comes to increasing the return on your advertising dollar.

“Owners often spend a small fortune on build-outs without hiring specialized consultants,” says Phillips. “They may have a top-notch architect do their floor plan, yet fail to bring in a retail specialist who has a trained eye

in terms of retail space, positioning and product selection. This often leads to lackluster sales caused by bad use of space, poor lighting, the wrong retail mix and unskilled merchandising.”

Another key area is financial advice. Sound knowledge is essential to pulling out the information you need to properly guide your business, such as accurately forecasting future growth, for example. “So often, day spa owners simply guess a percentage of growth based on what they hope their business will do,” says Mark Donovan, president of

the Broderick Consulting Group in Ridgefield, Connecticut. “A qualified financial consultant can take the guesswork out of forecasting by using a specific tool that relies on key pieces of information to accurately predict future growth and operational numbers. This isn’t rocket science, but it does require a familiarity with the day spa industry and a solid financial background. Loan officers, by the way, are ecstatic when they’re given a real formulation behind projected growth, rather than pie-in-the-sky percentages.”

If you’re in the market for specific advice about some aspect of your business, here are six steps that will help

you find the person or persons best able to serve your needs.

### 1. Develop a prospect list.

“Consultants can be found through trade journals, industry resource guides, trade shows, the Internet and, most importantly, through quality business referrals,” says Larry Oskin, president of Marketing Solutions in Fairfax, Virginia. “If you don’t have a good list of leads for consultants, call day spa owners across the country who you believe are doing a great job in the areas you want to improve and ask them for the names of consultants they’ve used.”

“When you do have a good list of consultants at the ready, have a little heart-to-heart talk with yourself about what you might learn about your business,” notes Phillips. “A lot of owners, either consciously or unconsciously, end up hiring ‘yes’ consultants—‘Yes, you’re right on track,’ ‘Yes, your business is wonderful’—as a way to avoid learning any painful truths. This can create a sticky situation for a subsequent consultant, who then has the task of telling a dedicated day spa owner that her ‘baby’ is a little ugly.”

“To find the best consultants, you need to be in a constant mode of interviewing, even when your immediate needs don’t include expert advice,” says Adam Broderick, president of Adam Broderick Salon and Spa and chairman of the Broderick Consulting Group. “This may sound frivolous, but it’s not. You need to find out their background, qualifications and specialties. Through this process, you can further familiarize yourself with a variety of consultants, sharpen your interview skills and further define what you want consultants to do for your business.”



“To find the best consultants, you need to be in a constant mode of interviewing.”

“You should also use this opportunity to bounce ideas off potential consultants to get a better idea of their approach to business and to make sure that it’s a good match with your own business style,” says Oskin. “Find out whether they have a formal

dence in their ability to benefit your business. If they refuse to do this, you’ll never know for sure how knowledgeable they really are until you’ve already paid a retainer fee.”

## 2. Ascertain qualifications.

Separating qualified pros from “wannabe” consultants is essential because many so-called experts with varied backgrounds are marketing themselves as knowledgeable about day spas. To separate the wheat from the chaff, industry pros recommend that you carefully interview consultants by asking them open-ended questions that pertain to your needs. For instance:

- *What specific tools do you have that would dramatically benefit my day spa?*
- *If I found out I was about to have a staff walkout, what would you do to help avert this situation?*
- *What type of assessment do you do before meting out business advice?*

“You also need to check their credentials carefully, especially if you’re asking for help in critical areas such as finance or staffing matters,” says Broderick. “And, in the case of space planning or a build-out, I would never hire a consultant without first seeing his or her work. I would definitely need to do a walk-through of several facilities designed by this person before entering into an agreement.”

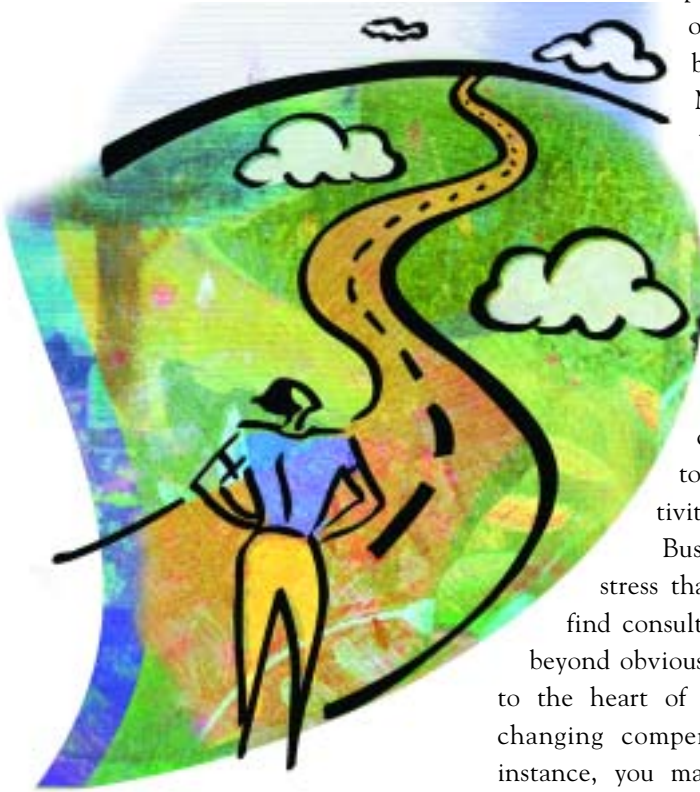
“Consultants should be able to provide multiple business models and be knowledgeable enough to adapt them to your situation by creating customized programs,” adds Donovan. “You need to ensure that you’re hiring consultants who have moved well beyond the 1950s model of doing things like encouraging you to hire

“I would never hire a consultant without first seeing his or her work.”

way to assess your business—something that’s absolutely critical before any advice is given—and if they provide written business models that can be adapted to your day spa. By the time you’re ready to hire an expert, you’ve already established a relationship. This is so much better than hiring a consultant for an important job—especially during a crisis—when you hardly know each other.”

“Consultants should give general advice freely, even if they haven’t been retained,” says Oskin. “Because true experts know a lot about the day spa business, general advice shouldn’t take away from what they have to offer, or cost them a client. On the contrary, imparting helpful information only serves to bolster your confi-





“It’s important to check four to five references.”

people and then developing a program to build your clientele. My question is, ‘If you don’t already have the work, why hire the person?’ A savvy consultant can help you accurately anticipate the growth of your clientele and synchronize your hiring to maximize productivity.”

Business pros also stress that it’s important to find consultants who can look beyond obvious symptoms and get to the heart of a problem. Before changing compensation plans, for instance, you may need to take a much deeper look at financial, management or even cultural problems that could be at the core of the problem. “Another example would be a loss of clientele,” says Oskin. “Instead of immediately trying to pump up business by creating a marketing program to attract new clients, you may need to find out why your existing clients are leaving. If you don’t, you could end up alienating even more of your marketplace, possibly damaging your business reputation irreparably.”

### 3. Ask about the process.

Spa experts advise that today’s qualified consultants never shoot from the hip by recommending changes without first formally analyzing your motivations and your business. “One of the most important things a consultant does is go through a discovery process with the owner,” says Phillips. “This discovery process should yield specific expectations and goals, with

the end result being a measurable improvement of the business. Finances also need to be discussed. ‘Now that we know what you want, this is what I project it will cost.’ This process speeds up the entire project by making it extremely focused, and often saves owners a lot of money.”

Many experts say the first step in any consultation should be a formal “needs” analysis. Oskin, for instance, uses a Fortune-500 business assessment tool that he has adapted to fit the mom-and-pop business model. “Ours is specifically geared toward marketing, public relations and advertising for services and products,” says Oskin. “It seeks out the weak and strong areas of a business, and includes setting strategic objectives across different categories.”

Broderick Consulting uses another type of tool to do an in-depth analysis of your business finances and infrastructure. “You need a strong profit-and-loss statement to accurately assess a business, but you can’t stop there,” explains Donovan. “Any future plans need to be formulated based on many different pieces of information, including your vision, financial condition, management structure and the culture of your business.”

### 4. Check references.

To engage the best, Donovan advises day spa owners to screen potential consultants as carefully as they would screen potential spa directors, including a thorough investigation of their past performance with other day spas. “It’s important to check four to five references,” he says. “As you interview other day spa owners who have used the consultants you’re considering, always ask open-ended questions and delve much deeper

than the expected 'I love my consultant' endorsement."

Here are a few questions that Donovan recommends you ask all references:



- How long did you work with this individual?
- What were the specific results?
- Did you anticipate these results?
- Exactly how have these results been of benefit to your salon and spa?
- What was the biggest challenge when working with this consultant?
- Is there anything you would do differently the next time you worked with this person?
- Would you work with this person again? Why?

### **5. Write a formal agreement.**

"Any agreement with a consultant needs to include far more than just an official fee schedule," says Oskin. "You need to put in writing what a consultant is going to do for your business, including specific tasks and goals. Likewise, the agreement needs to spell out the responsibilities of the owner and/or management team. Unless you're

using a consultant for a specific, limited project—developing a menu, for instance—you should think long term and include at least one consultant fee in your budget for a period of several months to a year. Otherwise, you often just scratch the surface of problems or programs, and don't get the full benefit of this person's expertise."

"Any agreement with a consultant should include an exit strategy," says Phillips. "If you've been working with a consultant for eight months, for instance, and he or she hasn't delivered as promised, how do you extricate yourself without having to pay a full year's worth of retainer fees? Likewise, if your consultant finds that he or she isn't getting enough cooperation to successfully complete the job, how does the consultant exit without being held accountable for unfinished business? A very specific agreement that lists responsibilities, as well as a timetable for the project, holds both parties responsible for the end result."

### **6. Follow through.**

"There's no doubt that consultants can be an amazing resource," says Broderick. "No matter how valuable they may be, though, when push comes to shove, the spa owner is always the leader, the person ultimately responsible for changing the compensation, culture, leadership structure or whatever the consultant and he decide is needed to make the business run more efficiently and profitably. A consultant is simply someone who gives advice and provides the tools needed to implement a new program. Execution is always the most critical step. If the owner and management team don't follow

