

Hair Salon: EPIPHANY SALON

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VISION/MISSION  
COMPANY OVERVIEW  
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FINANCIALS

*This business plan for a hair salon supports its commitment to a dynamic, cutting-edge, hair care establishment by using an energetic and lively format. The aggressive scheme of expansion and watertight description of all aspects of the business contribute to the innovative and elite image being conveyed by the business. This plan is testament to the value of extensive forethought, as it outlines the business direction for the next 15 years.*

## "VISION/MISSION"

### Present Situation

The name of the corporation is Epiphany Salon. The theme is urban, industrial, techno, chic. The first question that rises for most is, "What does it mean?" If you asked that question, know that you probably are a baby boomer and haven't been watching MTV or ESPN, where mass symbols and visualization play an important part in marketing. We refer to it as being, "hip and cool" and that is what Epiphany is, "a hip and cool service and product center for cosmetology including an educational center for Green Bay's urban youth committed to excellence. Green Bay's population is doubling by the year 2000, putting the target market of Generation X at 61,282. The educational center will be an elite school of cosmetology, servicing to a class of 10 every 6 months. This will serve 2 purposes:

1. Basic training for the industry focusing on feeding Epiphany the Salon and Epiphany Male Room.
2. Service the price conscious economy in the Green Bay Area.

Epiphany Male Room is the only salon to have professional salon services for men in a male environment. Epiphany the Salon offers a full line of Bettiva products noted for their commitment to the environment. As a concept salon for Bettiva, Epiphany is allowed to carry products other Bettiva salons do not. The front of the salon is committed to being a strong retail center, inviting shoppers to interact. The target is 35% retail sales to service dollar sales. Epiphany is the only area salon to be online and fully automated. Epiphany will have the most aggressive marketing campaign of any other area salon.

Epiphany is in its infant stage, however, it carries goodwill from a previous business in respect of retail sales. Both Barbara, the president of Ephiphany Salon, and I have strong backgrounds in business and retail management. A school will complete the 4 major areas of business in 1998. To summarize, the areas of business will include a full service women's salon, a men's salon, a retail center, and an educational center. The target market will be the young professional and the area tourist. The school will be marketed to the price conscious in the clinic and will be an elite school for basic training in cosmetology.

The challenges for the industry are the same challenges for Epiphany. These are recruitment, retention, and productivity. Being a native of the Green Bay Area, where I received my cosmetology license in 1977, I know the area businesses and the people who work at them. As a teacher, I have

aided in licensing over 120 cosmetologists at the Vocational Training Center. Presently, there is a mixture of veteran and new talent.

Retention is a problem for salons that lack structure and management. Both Barbara and I have owned and operated successful businesses. Productivity is assessed through employee evaluation by way of salon management software. Client retention, retail dollar to service dollar sales, and goals are all part of the productivity picture. Veteran stylists and technicians are attracted to employers who offer flexible hours and adding to their education by becoming instructors. The Epiphany Male Room will supply a guaranteed hourly rate for new talent, thus keeping payroll predictable for management purposes.

Productivity will be monitored through automation. It is realistic to believe that each department can operate at 80% productivity for top-end projections.

Financing is 20% personal investment from the president and vice president of the corporation, 50% from financial institute, and 30% from investors. A total of \$163,880 is needed to safely grow the business, keeping interests secure and the business healthy. Ten percent or \$20,100 will be put into savings for security.

## **Vision and Mission**

Epiphany Salon's vision is to create a harmonious, productive, and profitable salon environment, supplying the community with a retail center, a Bettiva share-school of cosmetology, and separate men's and women's salons.

The mission statement is very clean in the approach: Having fun doing business by sharing the passion of cosmetology combining technology, art, and science.

Future planning includes, expansion of retail department with virtual shopping which will be an online shopping center. The school will conduct advanced evening classes, maximizing productivity. Ownership of the present building is planned, expanding an additional 3,000 square feet for school and salon. Presently there are apartments in the upper level. These would add to revenue.

Epiphany Salon, Inc. was founded in 1997 and is presently in its start-up stage. Epiphany Salon can best be described as currently being in the business of cosmetology, education, and wellness. In recent times our key strengths have been customer service, retailing, and education, teaching the most recent technological aspects of cosmetology and business management. The corporation brings together talent with a retail manager and an educator in cosmetology and business who each have more than 20 years experience in the industry. Refer to resumes for background and references.

To profile the issues of the president and vice president, it is the responsibility of management to increase profitability, improve productivity, motivate and inspire associates, create promotional calendars, increase client retention by way of maintaining the policies and procedures, conducting evaluations, and controlling the numbers. Annual board meetings will set the fiscal year with goals, review of policies, and share worth. An advisory board will enhance objectivity and provide guidelines to corporate directors.

Corporate directors will also be employees of the corporation. Barbara will head the skin department, including cosmetic and retail sales. I will be the acting manager of the hair department and work as a technician. After the school opens I will transfer my clientele to other technicians managing the operations of the school.

Growing professional cosmetologists is the focus of the mission. Cosmetology holds a poor professional image. It is an industry that Hollywood loves to exploit, portraying it as an industry that requires little training. Entry-level cosmetology positions require strong technical skills, strong

communication skills, and strong sales. In addition to these skills, cosmetologists need to be trained in personal financial management and estate planning. Maslow's hierarchy theory states that after survival, when basic needs are being met, one can go on to higher levels. Our commitment is to have fun doing what we love and be profitable at the same time, while growing the business long term and committing to the personal development of our people. This will help improve the image of the industry. This will attract the best cosmetologists in our area. It is our vision of harmony for the community.

The mission statement also states that this is achieved by combining technology, art, and science. Epiphany Salon will use automation to retain clients. It takes 3 times the amount of effort to attract a new client versus the effort required to retain a happy client. Professional Salon software makes direct marketing a breeze. Presently, 10% of all salons are automated. Locally, 3 salons are automated and none use the technology to market and track clients. Automation is key to growing and maintaining our target market.

## Goals and Objectives

It is the goal of Epiphany Salon to provide the community with an institution of cosmetology that targets all socioeconomic standings and is a model for the industry nationally. This models the Bettiva Institute's objective, placing an emphasis on personal as well as environmental wellness. It is this objective that ties together the school, the retail center, and salons.

## The Ten Commitments of Excellence

1. **Commitment to well-being.** We believe well-being is the cornerstone of personal and professional growth. Without personal and professional well-being our mission cannot be achieved.
2. **Commitment to the team objective.** We believe in total commitment to the team. The team objective is a guide for us to follow in our service to our clients, support of each other, and team growth.
3. **Commitment to goal attainment.** We believe every individual should have personal and economic goals. Students and staff work within a framework of daily evaluation in order to identify and achieve their long-term objectives.
4. **Commitment to our time management system.** We believe our time management system should be utilized in all clinic activities to provide maximum efficiency and effectiveness for our clients. We commit to managing our time and setting specific goals within that time.
5. **Commitment to excellence in all we do.** With our philosophy we become team members, working for ourselves and each other. We have high expectations in terms of conduct, and know that each of us is a reflection of the team.
6. **Commitment to incredible, outstanding, unbelievable client service.** We believe in extending such incredible service to all clients that they feel like honored guests in our establishment. We constantly anticipate, meet, and exceed our clients' expectations.
7. **Commitment to retailing through client experience.** We believe that each team member is also a salesperson. Retailing is a vital prerequisite to client experience and ultimately leads to professional success.
8. **Commitment to value-added service.** Value-added means doing and giving more than is expected. We believe each of us needs to go above and beyond the call of duty. The school and salon will benefit in direct proportion to the value-added service provided by each team member.
9. **Commitment to innovation.** We believe our strength lies in our passion to implement new ideas and embrace change. We realize that innovation involves risking failure, but we choose to risk failure in our pursuit of success rather than fail passively.

- 10. Commitment to personal property.** Commitment to respecting all equipment and belongings of others (as well as to Epiphany Salon). Stealing from others is stealing from oneself.

Through strong commitment, strong marketing, and a solid financial plan, Epiphany will service the community and be recognized as a business leader. We feel very confident that the goals can be reached.

## "COMPANY OVERVIEW"

### Legal Business Description

The legal name of the company is Epiphany Salon Inc. However, there are departments within the corporation: Epiphany the Salon, Epiphany Male Room, and Epiphany Educational Center. The legal form of the business is Subchapter S Corporation. Refer to article papers submitted to the state, June 26, 1997. The business location is in downtown Green Bay, Wisconsin.

### Management Team

Our management team consists of people that have mastered their technical skills and have a desire to share that knowledge with new talent entering the industry. Career experience expands over three decades. Refer to resumes of myself and Barbara. Portfolio also available for viewing.

Flowchart for team members is available for in-house management. Other charts will explain roles and responsibilities along with compensation of each position available at Epiphany. This includes the roles and responsibilities of Barbara, the president, and me, the vice president. This does not presently include the school staff and its management team.

The outside management team consists of Wally Smart, accountant and Jim Johnson, corporate lawyer. Our outside management advisors provide tremendous support for management decisions and creativity.

By January 1998 an advisory board, including two highly qualified business and industry professionals, will assist our management team in making appropriate decisions and taking the most effective action; however, they will not be responsible for management decisions.

### Staffing

Epiphany team recognizes that additional staff is required to properly support our growth. Presently, there are thirteen people on staff. We are currently interviewing for new staff. As a teacher of cosmetology, I have seven years of former students that hold cosmetology positions in the community. Growth opportunities improve employee retention within our industry. Epiphany recognizes the need for growth of the individual.

### President and Vice President

As executive officers of Epiphany Salon, it is our responsibility to improve the image of our industry through solid business management. This is achieved through increasing profitability for the business, its officers, and staff. It means improving productivity for each department. Motivating and inspiring management, technicians, and associate staff with leadership will improve the image, as well as having fun sharing the passion for cosmetology combining technology, art, and science.

To grow a healthy business is to continually assess the needs of the people who hold the same vision. This vision creates a harmonious, productive, and profitable salon environment. It is our responsibility to be committed to this process.

## **Responsibilities:**

### ***Barbara, President***

Retail center. Oversee the operations of the retail area. This includes inventory, stocking, and displays.

Oversee receptionist duties and scheduling.

Oversee the Male Room operations.

Participate with salon managers. Managers should report to Barbara for needs.

Handle payroll operations.

Participate with interviewing.

Act as salon manager until department can support a head.

Develop color specialization.

### ***Rhonda, Vice President***

Educational director for Epiphany Salon Education Center.

Marketing planner.

Staff meetings.

Oversee goals and evaluations.

Co-associate program. Participate with Artistic Director.

Develop Epiphany fashion newsletter.

Develop web page and future shopping center.

Salon technology and training.

Participate with interviewing.

Number cruncher.

## **Education and Experience:**

Refer to resumes and portfolios.

## **Compensation:**

It is the responsibility of the officers to provide themselves with a comfortable wage. However, these wages will not take away from the business. The business then, is paid first with a formulation of 15% from the gross. This ensures a healthy business growth. Also in this formulation is reward for long-term employment with shares given and retirement plans for its staff members. A financial advisor will help with the education needed for benefit of all. Growth is a process. We are committed to this process.

## **Role: Artistic Director**

As the artistic director you hold a strong leadership position within the company as well as within the community. By carrying out the company's vision and mission on a daily basis, you will ensure a harmonious, productive, creative, and profitable salon environment. You will instill the importance of our mission of having fun doing business by sharing the passion of cosmetology combining

technology, art, and science with the technicians and co-associates who in turn will share this with their clientele.

### **Responsibilities:**

Co-associates program. Be able to determine at what point a stylist should work with a co-associate based on 75% productivity over a three-month period. This program must be rewarding to each party. It must be financially beneficial to the stylist and it must be educationally rewarding to the co-associate. The educational process for the co-associate must be measurable with a competency based closure.

Monitor the orientation of the co-associate program and evaluate the progress.

Self-direction and education will be a must, keeping up with the latest trends. The staff will look to you as the fashion leader.

There will be a Spring/Summer Collection and a Fall/Winter Collection. It will be your expertise to communicate these collections to the staff and community.

Active involvement in recruiting and interviewing potential staff.

Coordinate training and development between departments.

Attend department head meetings on a quarterly basis.

Participate in staff meetings on a quarterly basis.

### **Education and Experience:**

An endorsed high school diploma. Five years experience in the field of cosmetology. Attendance at an advanced academy of education committing to updates on a national level annually. Minimum overall service sales of 25% in chemical services. Public speaking skills are needed to communicate trends to the community, department managers, technicians, and co-associates.

### **Compensation:**

This is an optioned position, whichever produces the most revenue for the director. Once this option is made, it holds in place for one year before review.

#### **Option 1:**

Salary based at \$9.25 hourly for this full-time position. This is also a stipend position paid bi-annually based on 80 hours per year with staff and co-associate training and development. The pay for the stipend is derived from average weekly pay over a 6-month period.

Bonus program. Productivity bonus of 2% for each department hitting 100% of service goal or 1% bonus for 80% reach of goal.

Individual retail sales commissioned at 10%.

Paid vacation. One week paid after 2 years service. Two weeks paid after 5 years service.

Health insurance, 50/50 pay after 90 days.

#### **Option 2:**

45% commission with benefit package and stipend. 10% retail commission.

#### **Option 3:**

Self-employed at 62% commission. No benefits. Stipend for 80 hours education. 10% retail commission. Productivity bonus.

## **Role: Receptionist**

A salon receptionist is a viable position to a successful and harmonious salon. You, as the receptionist, give the first impression and the last impression to everyone who passed through the front door. All clients and customers come first and it is your responsibility to create a balance of all daily duties. It is also your role to facilitate the vision of having fun doing business by sharing the passion of cosmetology combining technology, art, and science and to communicate that vision to the clientele.

**Educational Requirements:** Endorsed high school diploma with a background in basic computer skills. Related customer service experience is also necessary.

**Compensation Base:** An annual salary of \$12,000 is a base for this full-time position. Performance is to be rewarded. Meeting retail sales goals by 100% results in a 2% bonus. Meeting retail sales goals by 80% results in an 1% bonus. Payment of bonuses will be given through quarterly evaluations. Paid vacations are given with years of service. One week paid after two years and two weeks paid after five years of service.

Health insurance is to be self-funded. Group rates are available.

Part-time employees are given a flat rate hourly plan at \$6.00 per hour.

### **Responsibilities:**

Customer service. Greet all clients and customers within the first 10 seconds with a smile. Make them feel welcomed and comfortable. Offer a beverage, reading material, and take their coat. Direct them to a dressing area if appropriate.

All new clients are given a menu and tour of the facilities. If you are unable to do so, find an associate who is available, introducing them to the client by name.

Handle all phone calls politely and professionally using your name when answering the call.

Booking appointments. Taking client's name, phone number, and type of service. Repeat the time, day, and date of appointment to client. Resource information for available times to book appointments of each technician.

Confirming appointments. Appointments for the following day are to be confirmed by the end of the shift.

Communicate product knowledge to clients with confidence. Have knowledge of all services offered and their prices.

Check in clients. Clients are to be checked in after being greeted. Check-in includes gathering data for client file. All data for that day is to be entered before the end of your shift.

As a receptionist, you will be responsible for handling all financial transactions of clients. You will have a complete understanding of the POS terminal as well as the credit card terminal and their functions.

Gift certificates will be issued, monitored, and filed by the receptionist on duty.

Proper maintenance of change in the cash drawer is expected.

New inventory shipments will be promptly checked into stock.

The answering machine is to be attended to every morning and the calls returned immediately.

It is the receptionist's duty to close out the POS terminal and credit card terminal at the end of the day or shift.

Maintenance of the reception area, waiting area, and display units are also responsibilities.

Inform technicians when their clients have arrived or canceled.

Dayrunners will be given with data cards each morning.

## **Role: The Male Room Manager**

The main responsibility of the Male Room Manager is to encourage, inspire, motivate, and retain staff and clientele. This is achieved through relaying the vision and mission of Epiphany, creating a salon environment that is harmonious, productive, and profitable. Having fun doing business by sharing the passion of cosmetology combining technology, art, and science is the mission of Epiphany. The manager who models this vision and provides support in its mission will be a strong leader. It will be your responsibility to be this leader.

The manager will help guide and find solutions for the staff if problems should arise. Being a leader in the company, you will ensure customer service to its fullest potential, thereby maintaining client retention and achieving retail goals.

### **Responsibilities:**

Active involvement in recruiting and interviewing potential staff.

Orientation of new staff, job description, policy, and procedures of Epiphany Salon.

Making sure that clients are getting the best customer service.

Ensure all staff is supplied with business cards.

Handle customer complaints and suggestions in a pleasant, efficient, and professional manner.

Attend department head meetings on a quarterly basis.

Participate in presenting staff meetings on a quarterly basis.

Evaluate Male Room staff quarterly. This includes reviewing client retention and productivity in service and sales.

Coordinate training and development of Male Room staff with Artistic Director.

Manager will be responsible for receptionist duties, until the Male Room is productive enough to support the investment of a receptionist. This includes nightly drawer closings.

**Education and Experience:** An endorsed high school diploma with a minimum of 5 years experience in the field of cosmetology. Advanced education in communication and technical skills are required and reviewed on an individual basis.

**Compensation:** This is a optioned position to be chosen at time of employment. It is to be most financially beneficial to the manager.

#### **Option 1:**

Hourly base of \$9.00. Annually bringing the position to \$17,280.00. This is based on full-time employment. Also included is a bonus for productivity. Paid quarterly a 2% bonus for 100% service goal or a 1% bonus based on an 80% service goal.

Retail commission of 10%.

Paid vacation. One week after 2 years service and two weeks after 5 years service.

Health insurance. 50/50 pay after 90 days.

#### **Option 2:**

50% commission with the above incentives. Whichever is the greater revenue producer for the manager.



## **Role: Technician**

As a technician it is your role to communicate and listen to the clients you service and ensure complete satisfaction by focusing on their needs. In turn, you will be implementing the vision of Epiphany Salon. Your clientele will feel the harmonious, productive, and creative environment of the salon.

The mission to build this environment must be one which is having fun doing business by sharing the passion for cosmetology combining technology, art, and science. Placing the clients' needs first, to be creative, productive, and profitable is a balancing act. An act that creates harmony and a sense of well being. It is your personal responsibility to commit to this process.

### **Responsibilities:**

Focusing on clients' needs first. This cannot be stressed enough. Listening to verbal and nonverbal cues is imperative to client retention.

Continually furthering your education. It will be expected that you attend one seminar annually. Within 3 years of employment, you will attend an advanced academy.

Education is key to profitability.

Be involved within the community. Participate with one local event each year. Also be a part of one charity event.

Communicate product knowledge and service knowledge to the clients you service.

Incorporate stress-relieving treatments and finishing touches with each client.

Encourage and educate clients on new trends focusing on the total look.

Encourage client referrals. Develop strong business building skills and do DTA's (downtime activities).

Identify professional goals annually.

Participate with daily cleaning following the golden rules.

Enhance the image of the industry maintaining a professional relationship with the clientele.

Actively participate with the team.

### **Education and Experience:**

Hold a current cosmetology license. Be a high school graduate. Have a background with servicing people.

### **Compensation:**

Option 1: Full-time. Guaranteed \$7.50 per hour. Above \$701.00 weekly, 45% commission. Sliding scale wage. Above \$850 weekly results in 50% commission. 10% commission on retail. Paid vacation one week after 2 years of service and two weeks after 5 years of service. Health insurance, self funded. After 2 years of service, 20% paid by company. After 5 years of service, 50/50.

Option 2: Full-time. Subcontractor starting at 55% up to \$699, weekly. 60% after \$700, weekly. Retail 10% commission.

Option 3: Part-time. 50% commission.

## **Role: Nail Technician**

A nail technician is a vital link to the operations of all departments. It is your part as a team to communicate the company's vision and mission to the clients you service, taking a holistic approach

to nail care. It is your responsibility to educate the clientele you serve. Harmony created by being productive, profitable, and creative is the vision of Epiphany. It is your mission to have fun doing business by sharing the passion for cosmetology combining technology, art, and science. Communication is key. Education is key. Self-marketing is key. It is your responsibility to be committed to the process.

### **Responsibilities:**

Placing the clients' needs first. This cannot be stressed enough. Listening to verbal and nonverbal cues is imperative to client retention.

Continually furthering your education. It will be expected that you attend one seminar annually. Education is key to profitability.

Be involved with the community. Participate with one local event each year. Also play a part as a team to one charity event a year.

Communicate product knowledge and service knowledge to the clients you serve.

Incorporate stress-relieving treatments and finishing touches with each client.

Encourage and educate clients on new trends focusing on the total look.

Encourage client referrals. Develop strong business building skills and do DTA's (downtime activities).

Identify professional goals annually.

Maintain a sanitary and organized work area. Follow the golden rules with other team members.

Enhance the image of the industry maintaining a professional relationship with the clientele.

Participate with the team.

Follow up with the clients you service.

Pre-book return visits with clients.

### **Education and Experience:**

A current nail technician's license in the state of Wisconsin. A high school diploma. A background in servicing people.

### **Compensation:**

Option 1: Employee based. Hourly at \$7.50. Paid vacation 1 week after 2 years of service. 2 weeks after 5 years of service. Health insurance. Self-funded first two years. 20% paid after two years. 30% after five years.

Option 2: Subcontractor. 65% commission. No benefits. Own supplies.

## **"PRODUCT STRATEGY"**

### **Current Product**

Proprietary information is available to investors upon signature of a Non-Disclosure Agreement.

What sets Epiphany Salon, Inc. apart from the competition is the separation of the Male Room and Epiphany the Salon. The separation allows for direct target markets in service and product. The school feeds the two departments. Epiphany Education Center also is the only private school in the Green Bay Area. Epiphany Salon, Inc. is to be the most technologically advanced cosmetology establishment in Wisconsin. I believe with the funding changes with vocational education, you will see

more advanced academies forming. Locally, our vocational school has facilitated two such trade academies. Epiphany could be their third. These are industry-driven.

Bettiva is a product well-known in Wisconsin. It is used by many salons. This is not a threat, however, it is support for the school and for retail. We have the largest inventory of any salon. Our goal is to produce 35% in retail. This is a conservative number. Offering a singular note to product lines provides manageable inventory control. Bettiva also compliments our technological position, having a website that provides advertising and referrals. Presently, we are having a web site designed for Epiphany Salon, Inc. Here retailing will expand along with consultation services.

For their education center, Bettiva offers 40% discounts on all professional sizes. This complements clinic pricing, keeping overhead down. At the Vocational Training Center, I used Bettiva and the clinic retailed an average of 32%. The average salon retails 25%. Automation is key for inventory control.

The services offered include:

The Male Room—Hair cuts, color, hand, and nail treatments and American Crew products. This is a product line designed for men. The price point is average. \$16 haircuts.

Epiphany the Salon—Hair design, colorization, chemical reconstruction, scalp massage and reconstruction, natural and alternative nail treatments, makeup (lessons and application, facials, waxing), and full body massage. Stress-relieving treatments completed the wellness services.

Epiphany Education Center—1500-hour cosmetology course, a 300-hour nail technician course, a 500-hour skin care course, an instructors' course. The future will expand into full body/massage day spa course. Of course, there will be a clinic of cosmetology offered to the public. These are discounted services performed by senior students. Retail will also enhance the operation.

High end salons are addressing the consumer that is spending less and still wanting quality service. Epiphany Salon, Inc. has designed the business to meet this current trend. Today's consumers want money, time, and stress levels under control. We provide this.

## "MARKET ANALYSIS"

### Market Definition

According to the *Occupational Outlook Quarterly*, published by the U.S. Department of Labor, it shows cosmetology as a steadily growing occupation in the U.S. through 2005. However, the Department of Labor also shows Nail Technicians as one of the 11 fastest growing occupations in the U.S. and cosmetologists as number 37 in the top 100 occupations. This is because Baby Boomers are youth oriented and will be the driving force for our industry for the next 20 years. Generation X is the target we are going after but the Baby Boomers will be paying the way. Wellness, relaxation, and nurturing the soul will supersede "beauty services."

Cosmetology is as large an industry as the tobacco industry. Big businesses are recognizing the billions of dollars consumers spend each year in our industry and they are buying up the major manufacturers. Redken was bought by Cosimar, Matrix by Proctor and Gamble to use as two examples.

Locally, consumers demand pampering treatments while on vacation. Today's stress-relieving treatments replace the 1980s party scene and corporate rewards are given with "Day of Beauty" packages.

The overall market demands quality service at a fair price.

## **Future Opportunities**

As our client base builds in the local market, targeting marketing to the tourism trade will bring new opportunities. Bettiva already offers products on airlines. This could be carried through with lodging businesses. Still another opportunity involves providing custom packages for special groups. "Sweet Sixteen" parties, stress-relieving treatments that travel to corporations or participate with the American Cancer Society program "Look Good, Feel Good," teaching cancer victims how to address hair loss.

## **Customer Profile**

I believe I have already covered this. It depends on how the target is and how Epiphany Salon, Inc. is able to hit each segment of the market. This is unique. Automation plays an important role in tracking clients, finding out which marketing areas are returning an investment, who the client is, and what their spending habits are. This is a continuous process.

## **Competition**

The three top salons in Green Bay are Wonders, the Green Bay Spa & Salon, and Minerva's. They all target only Baby Boomers and are high end quality salons all competing for the same clients. None target male clients. One has layered pricing for new talent and only one has a strong management system in place that allow their staff to grow. That one is Wonders and they do a terrific job for the industry. They are a Redken Salon.

The Vocational Training Center markets to high school students. We will be marketing to adult students.

## **Risk**

Barbara or I could die before the business has established its systems.

Planned financing may not be met in the timeframe we would like. This would postpone the school.

Addressing risks is part of our regular planning. The better the plan, the less the risk, but they need to be addressed continually.

## **Marketing Plan**

The marketing plans are presently in the development stages. Bettiva is playing an important role in this area of business. Strategy can be defined as the science of planning and directing large-scale operations, specifically of maneuvering forces into the most advantageous position prior to taking action. It is this area of business I enjoy the most. It is creative and easily measured. More time is needed for proper planning. We have already budgeted this area to 3% of total revenue.

On July 16, 1997, Bettiva will be mapping out a 12-month promotional grid. In the next two weeks the logo should be complete and ready for copy. The storefront design will soon be finalized. Press releases will be sent out August 1. Direct marketing will introduce the new service and product menus. Recruitment for the school will be done quarterly. Employees will involve themselves in the community.

All of this will be developed, mapped out, and evaluated.

Measurable results include:

- increased sales
- increased marketshare
- improved image
- increased knowledge of business
- identified competitive advantage
- created improved climate for future sales

When completed, it will be the best for the industry in this area and it will safely grow the business 10% annually. Although in the past, I have experienced up to 30% in a year. 10% is conservative and steady.

## Market Environment

"With high-tech there must be high touch," says John Nesbitt, *Mega Trends 2000*. Our society is stressed out and salons are convenient retreats. A relaxing environment, with customer service providing preventative services and products at a good price is key to salon success in the new century. Many women enjoy a relaxing facial for skin maintenance benefits, however, with an average household income of \$26,949.00, it is a luxury. Now market the same service, networking a facial with a purchase of \$50.00 in cosmetics, and you have an affordable value-added service. Marketing is key. Know the clients, their habits, likes, and dislikes. To do this, the salon must be automated.

The educational center will provide the community with the only private school in the Green Bay Area. Vocational Training Center caters to high school students. They have enrolled adult students in the past, however, they have publicly agreed to discontinue this in the event a private school would provide such services. These services of education include: 1500-hour basic cosmetology license, 300-hour nail technician license, 500-hour skin care license, and 500-hour instructor license.

## "FINANCIALS"

**Profit and Loss Projections for the First 12 Months**

	80% Productivity Rate		70% Productivity Rate		50% Productivity Rate	
Gross Services	1,155,481.60	74.07%	1,011,046.40	74.07%	722,176.00	74.07%
Gross Retail	404,418.56	25.93%	353,866.24	25.93%	252,761.60	25.93%
<b>Gross Revenue</b>	<b>1,559,900.16</b>	<b>100.00%</b>	<b>1,364,912.64</b>	<b>100.00%</b>	<b>974,937.60</b>	<b>100.00%</b>
Cost of Sales						
Stylist Compensation	618,182.66	39.63%	540,909.82	39.63%	386,364.16	39.63%
Product COS	202,209.28	12.96%	176,933.12	12.96%	126,380.80	12.96%
<b>Total Cost of Sales</b>	<b>820,391.94</b>	<b>52.59%</b>	<b>717,842.94</b>	<b>52.59%</b>	<b>512,744.96</b>	<b>52.59%</b>
<b>Gross Margin</b>	<b>739,508.22</b>	<b>47.41%</b>	<b>647,069.70</b>	<b>47.41%</b>	<b>462,192.64</b>	<b>47.41%</b>
<b>OPERATING EXPENSES</b>						
Rent	40,200.00	13.00%	40,200.00	13.00%	40,200.00	13.00%
Supplies	77,995.01	5.00%	68,245.63	5.00%	48,746.88	5.00%
Advertising	46,797.00	3.00%	40,947.38	3.00%	29,248.13	3.00%
Depreciation	46,797.00	3.00%	40,947.38	3.00%	29,248.13	3.00%
Laundry	15,599.00	1.00%	13,649.13	1.00%	9,749.38	1.00%
Cleaning	15,599.00	1.00%	13,649.13	1.00%	9,749.38	1.00%
Light Power	15,599.00	1.00%	13,649.13	1.00%	9,749.38	1.00%
Repairs	23,396.50	1.50%	20,473.69	1.50%	14,624.06	1.50%
Insurance	11,699.25	0.75%	10,236.84	0.75%	7,312.03	0.75%
Telephone	11,699.25	0.75%	10,236.84	0.75%	7,312.03	0.75%
Misc.	23,396.50	1.50%	20,473.69	1.50%	14,624.06	1.50%
Legal & Accounting	15,599.00	1.00%	13,649.13	1.00%	9,749.38	1.00%
<b>Total Operating Expenses</b>	<b>344,380.53</b>	<b>32.50%</b>	<b>306,357.97</b>	<b>32.50%</b>	<b>230,312.83</b>	<b>32.50%</b>
<b>Net Operating Income/(Loss)</b>	<b>395,127.69</b>	<b>25.33%</b>	<b>340,711.73</b>	<b>24.96%</b>	<b>231,879.81</b>	<b>23.78%</b>
<b>OTHER EXPENSES</b>						
Interest Expense	11,514.74	0.74%	11,514.74	0.84%	11,514.74	1.18%
<b>Net Income/(Loss)</b>	<b>383,612.95</b>	<b>24.59%</b>	<b>329,196.99</b>	<b>24.12%</b>	<b>220,365.07</b>	<b>22.60%</b>

**Amortization Schedule**

CL5  
 Declining Balance  
 Run Date: 7/22/97  
 Note Payable - Commercial Lender  
 Principal: 130,880.00      Annual Interest Rate: 9.500  
 Term: 60 Payments      Payments per Year: 12

Pmt. No.	Check No.	Date Paid	Payment Amount	Interest Expense	Principal Reduction	Payoff Amount
1	---	----	2,748.72	1,036.13	1,712.59	129,167.41
2	---	----	2,748.72	1,022.58	1,726.14	127,441.27
3	---	----	2,748.72	1,008.91	1,739.81	125,701.46
4	---	----	2,748.72	995.14	1,753.58	123,947.88
5	---	----	2,748.72	981.25	1,767.47	122,180.41
6	---	----	2,748.72	967.26	1,781.46	120,398.95
7	---	----	2,748.72	953.16	1,795.56	118,603.39
8	---	----	2,748.72	938.94	1,809.78	116,793.61
9	---	----	2,748.72	924.62	1,824.10	114,969.51
10	---	----	2,748.72	910.18	1,838.54	113,130.97
11	---	----	2,748.72	895.62	1,853.10	111,277.87
12	---	----	2,748.72	880.95	1,867.77	109,410.10
<b>Subtotal</b>			<b>32,984.64</b>	<b>11,514.74</b>	<b>21,469.90</b>	<b>109,410.10</b>
13	---	----	2,748.72	866.16	1,822.56	107,527.54
14	---	----	2,748.72	851.26	1,897.46	105,630.08
15	---	----	2,748.72	836.24	1,912.48	103,717.60
16	---	----	2,748.72	821.10	1,927.62	101,789.98
17	---	----	2,748.72	805.84	1,942.88	99,847.10
18	---	----	2,748.72	790.46	1,958.26	97,888.84
19	---	----	2,748.72	774.95	1,973.77	95,915.07
20	---	----	2,748.72	759.33	1,989.39	93,925.68
21	---	----	2,748.72	743.58	2,005.14	91,920.54
22	---	----	2,748.72	727.70	2,021.02	89,899.52
23	---	----	2,748.72	711.70	2,037.02	87,862.50
24	---	----	2,748.72	695.58	2,053.14	85,809.36
<b>Subtotal</b>			<b>32,984.64</b>	<b>9,383.90</b>	<b>23,600.74</b>	<b>85,809.36</b>
25	---	----	2,748.72	679.32	2,069.40	83,729.96
26	---	----	2,748.72	662.94	2,085.78	81,654.18
27	---	----	2,748.72	646.43	2,102.29	79,551.89
28	---	----	2,748.72	629.79	2,118.93	77,432.96
29	---	----	2,748.72	613.01	2,135.71	75,297.25
30	---	----	2,748.72	596.10	2,152.62	73,144.63
31	---	----	2,748.72	579.06	2,169.66	70,974.97
32	---	----	2,748.72	561.89	2,186.83	68,788.14
33	---	----	2,748.72	544.57	2,204.15	66,583.99
34	---	----	2,748.72	527.12	2,221.60	64,362.39
35	---	----	2,748.72	509.54	2,239.18	62,123.21
36	---	----	2,748.72	491.81	2,256.91	59,866.30
<b>Subtotal</b>			<b>32,984.64</b>	<b>7,041.58</b>	<b>25,943.06</b>	<b>59,866.30</b>
37	---	----	2,748.72	473.94	2,274.78	57,591.52
38	---	----	2,748.72	455.93	2,292.79	55,298.73
39	---	----	2,748.72	437.78	2,310.94	52,987.79

**Amortization Schedule**

*continued*

Pmt. No.	Check No.	Date Paid	Payment Amount	Interest Expense	Principal Reduction	Payoff Amount
40	.....	.....	2,748.72	419.49	2,329.23	50,658.56
41	.....	.....	2,748.72	401.05	2,347.67	48,310.89
42	.....	.....	2,748.72	382.46	2,366.26	45,944.63
43	.....	.....	2,748.72	363.73	2,384.99	43,559.64
44	.....	.....	2,748.72	344.85	2,403.87	41,155.77
45	.....	.....	2,748.72	325.82	2,422.90	38,732.87
46	.....	.....	2,748.72	306.64	2,442.08	36,290.79
47	.....	.....	2,748.72	287.30	2,461.42	33,829.37
48	.....	.....	2,748.72	267.82	2,480.90	31,348.47
<b>Subtotal</b>			<b>32,984.64</b>	<b>4,466.81</b>	<b>28,517.83</b>	<b>31,348.47</b>
49	.....	.....	2,748.72	248.18	2,500.54	28,847.93
50	.....	.....	2,748.72	228.38	2,520.34	26,327.59
51	.....	.....	2,748.72	208.43	2,540.29	23,787.30
52	.....	.....	2,748.72	188.32	2,560.40	21,226.90
53	.....	.....	2,748.72	168.05	2,580.67	18,646.23
54	.....	.....	2,748.72	147.62	2,601.10	16,045.13
55	.....	.....	2,748.72	127.02	2,621.70	13,423.43
56	.....	.....	2,748.72	106.27	2,642.45	10,780.98
57	.....	.....	2,748.72	85.35	2,663.37	8,117.61
58	.....	.....	2,748.72	64.26	2,684.46	5,433.15
59	.....	.....	2,748.72	43.01	2,705.71	2,727.44
60	.....	.....	2,749.03	21.59	2,727.44	0.00
<b>Subtotal</b>			<b>32,984.95</b>	<b>1,636.48</b>	<b>31,348.47</b>	<b>0.00</b>
<b>Total</b>			<b>164,923.51</b>	<b>34,043.51</b>	<b>130,880.00</b>	<b>0.00</b>

**Start-Up Costs**

Purchase of business	\$60,000.00
Male Room equipment and inventory	16,500.00
School equipment	42,000.00
Plumbing	2,000.00
Interior needs	1,000.00
Retail displays	14,000.00
Storefront and artwork	5,000.00
Advertising	3,000.00
	<b>143,500.00</b>
6 months rent in savings	20,100.00
	<b>163,600.00</b>
20% personal investment	32,720.00
To be financed	130,880.00
25% private investor(s)	32,720.00
Financial Institute	\$98,160.00

How \$65,440.00 will be spent:

[School equipment \$42,000 is already figured in, however, classroom and junior clinic are not.]

Structural needs	\$7,000.00
Classroom equipment	18,000.00
\$10,000 Bond for school	1,500.00
State license	300.00
Text, mannequin, classroom supplies	3,000.00
Printing costs	3,000.00
Office equipment	3,000.00
Computer software	2,590.00
Hardware in clinic	1,825.00
Retail inventory	1,000.00
Phone expenses	925.00
Misc.	1,963.00
	<b>44,103.00</b>
Cash on hand	21,337.00
	<b>\$65,440.00</b>

**How this will be paid back**

Refer to amortization for loan repayment. 5-year return on investment.

Refer to financial statements following.

Refer to projected income based on salon productivity. In reality, a salon should base maximum productivity at 80%. This is realistic in theory and application. It should be noted that rent is a fixed number annually based at \$40,200.00 or \$3,350.00 monthly. These projections do not include the nail department or the skin department. This sheet is the male room, the salon and the retail center.

Projected income for the educational center encompasses tuition by 10 students each 6 months		\$73,000.00
		73,000.00
		73,000.00
Retail sales at 20%		14,600.00
Clinic operation	first year	20,000.00
		<b>\$180,600.00</b>
Operating expenses	12% inventory and supplies	21,672.00
Payroll		\$25,000.00
Taxes		
M&R		
Insurance		
Special services		
Depreciation		
Office supplies		
Advertising		
Utilities		
Dues		
Bank Chg.		
Travel		

### The Salon, the Male Room, and the Retail Center, Operating at 80% Productivity

This means running the company at an 80% productivity rate.

Salon hours are:	Monday	Thursday
	Tuesday	Friday
	Wednesday	Saturday
Total productive hours	62 per week	
With 16 stations =	992 revenue productive hours	
x Aver. service \$28. per hour is	\$27,776.00	
x .8 productivity	\$22,220.80 revenue producing \$	
x 4 weeks (month)	\$88,883.20 revenue producing monthly \$	
x 12 months	1,066,598.40 revenue producing annual	
Retail at 35% of service sales is	\$373,309.44 annually	
+ 12 months	\$31,109.12	
+ 4 weeks	\$7,777.28	
+ 6 days	\$1,296.21 daily retail	
Service annual dollars	\$1,066,598.40	
Retail annual dollars	\$373,309.44	
	<b>\$1,439,907.84 maximum productivity</b>	

The questions that need to be answered are:

- What would the salon look like at a 70% productivity rate within its departments?
- What does the salon look like at a 50% productivity rate within its department?

FIGURES FOR THE SCHOOL NEED TO BE SEPARATE, HOWEVER, FOR THE BUSINESS PLAN THEY NEED TO BE TOTALED FOR FINANCING PROPOSES.

### The Nail Salon Operating at 80% Productivity

This means running the company at an 80% productivity rate.



Salon hours are:	Monday	Thursday
	Tuesday	Friday
	Wednesday	Saturday
Total productive hours	62 per week	
With 3 stations	186 revenue producing hours	
X average service \$20 per hr.	\$3,720.00	
X .8 productivity	\$2,976.00	
X 4 weeks (month)	\$11,904.00	
X 12 months	\$142,848.00	
Retail at 35% of service sale is		
	\$49,996.00 annually	
divided by 12 months	\$4,166.33	
divided by 4 weeks	\$1,041.58	
divided by 6 days	\$173.60 daily retail	
Service annual dollars	\$142,848.00	
Retail annual dollars	\$49,996.00	
	\$192,844.00	

## Balance Sheet May 31, 1997

### ASSETS

CURRENT ASSETS		
CASH ON HAND	\$150.00	
CHECKING - CB NORTH	1,386.28	
A/R - EMPLOYEE	422.50	
INVENTORY	10,916.15	
PREPAID EXPENSE	1,626.00	
<b>TOTAL CURRENT ASSETS</b>		<b>\$14,500.93</b>
FIXED ASSETS		
FIXTURES & EQUIPMENT	50,000.00	
DECORATION	1,215.90	
UNIFORMS	360.40	
ACCUMULATED DEPRECIATION	(12,630.90)	
<b>TOTAL FIXED ASSETS</b>		<b>38,945.40</b>
<b>TOTAL ASSETS</b>		<b>\$53,446.33</b>

### LIABILITIES & NET WORTH

CURRENT LIABILITIES		
ACCRUED TAXES	\$2,490.06	
N/P - CB NORTH	60,072.00	
<b>TOTAL CURRENT LIABILITIES</b>		<b>62,562.06</b>
EQUITY		
RETAINED EARNINGS	(16,170.23)	
COMMON STOCK (\$1 PAR)	500.00	
STOCKHOLDER CONTRIBUTIONS	14,228.20	
CURRENT EARNINGS	(7,673.70)	
<b>TOTAL EQUITY</b>		<b>(9,115.73)</b>
<b>TOTAL LIABILITIES &amp; NET WORTH</b>		<b>\$53,446.33</b>

## Balance Sheet Subsidiary Schedule May 31, 1997

	Current	Balance
INVENTORY		
INVENTORY - PRODUCT	\$323.24)	\$4,701.37
INVENTORY - SUPPLIES	(155.41)	6,214.78
<b>TOTAL</b>	<b>\$(478.65)</b>	<b>\$10,916.15</b>
PREPAID EXPENSE		
PREPAID RENT	\$1,626.00	\$1,626.00
<b>TOTAL</b>	<b>\$1,626.00</b>	<b>\$1,626.00</b>
ACCRUED TAXES		
SALES TAX & STATE W/H	\$331.19	\$2,214.09
FED W/H & FICA	39.01	230.59
MESC	33.10	28.35
FUTA	9.46	17.03
<b>TOTAL</b>	<b>\$412.76</b>	<b>\$2,490.06</b>

## Statement of Income for the Five Months Ended May 31, 1997

	Current		Year to Date	
	Actual	Percent	Actual	Percent
INCOME				
PRODUCT SALES	\$4,910.36	27.4	\$23,350.79	31.2
SERVICE SALES	12,728.00	71.0	50,138.83	67.0
SALES TAX	292.77	1.6	1,389.88	1.9
<b>* TOTAL INCOME</b>	<b>17,931.13</b>	<b>100.0</b>	<b>74,879.50</b>	<b>100.0</b>
COST OF SALES				
PRODUCT	2,455.18	13.7	12,545.71	16.8
CONTRACTOR	7,421.37	41.4	31,923.64	42.6
SALES TAX	286.77	1.6	1,359.88	1.8
<b>* TOTAL COST OF SALES</b>	<b>10,613.32</b>	<b>56.7</b>	<b>45,829.23</b>	<b>61.2</b>
<b>* GROSS MARGIN</b>	<b>7,767.81</b>	<b>43.3</b>	<b>29,050.27</b>	<b>38.8</b>
EXPENSES				
OFFICERS SALARY	200.00	1.1	200.00	0.3
PAYROLL	982.29	5.5	4,940.54	6.6
PAYROLL TAXES	133.00	0.7	578.31	0.8
LICENSE & TAXES			62.00	0.1
RENT	1,626.00	9.1	10,888.00	14.5
MAINT. & REPAIR	25.00	0.1	245.17	0.3
INSURANCE			554.13	0.7
SPECIAL SERVICES	200.00	1.1	1,200.00	1.6
DEPRECIATION	1,052.58	5.9	5,262.90	7.0
SUPPLIES	1,434.49	8.0	5,887.21	7.9
OFFICE SUPPLIES			61.73	0.1
ADVERTISING & PROMOTIONS	506.99	2.8	1,258.75	1.7
UTILITIES & PHONE	1,050.60	5.9	4,850.54	6.5
DUES & SUBSCRIPTIONS	200.00	1.1	214.95	0.3
BANK CHARGES	67.37	0.4	400.17	0.5
TRAVEL & ENTERTAINMENT	39.77	0.2	119.57	0.2
<b>* TOTAL EXPENSES</b>	<b>7,518.09</b>	<b>41.9</b>	<b>36,723.97</b>	<b>49.0</b>
<b>* NET OPERATING PFT(LOSS)</b>	<b>249.72</b>	<b>1.4</b>	<b>(7,673.70)</b>	<b>(10.2)</b>
<b>* NET PROFIT(LOSS)</b>	<b>\$249.72</b>	<b>1.4</b>	<b>(7,673.70)</b>	<b>(10.2)</b>

## Statement of Income - Subsidiary Schedule - for the Five Months Ended May 31, 1997

	Current		Year to Date	
	Actual	Percent	Actual	Percent
TRAVEL & ENTERTAINMENT				
MEALS & ENTERTAINMENT	\$39.77	0.2	\$119.57	0.2
<b>* TOTAL</b>	<b>\$39.77</b>	<b>0.2</b>	<b>\$119.57</b>	<b>0.2</b>

## Statement of Cash Flows for the Five Months Ended May 31, 1997

## INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	Current	Year to Date
CASH FLOWS FROM OPERATING ACTIVITIES		
NET INCOME (LOSS)	\$249.72	\$(7673.70)
ADJ TO RECONCILE TO NET CASH		
DEPRECIATION AND AMORTIZATION	1,052.58	5,262.90
CHANGES IN ASSETS/LIABILITIES:		
ACCOUNTS RECEIVABLE		(422.50)
INVENTORY	478.65	1,866.92
PREPAID EXPENSES	(1,626.00)	(1,626.00)
PAYROLL TAXES PAYABLE	81.57	42.87
OTHER TAXES PAYABLE	331.19	1,569.45
<b>TOTAL ADJUSTMENTS</b>	<b>317.99</b>	<b>6,693.64</b>
NET CASH FROM OPERATIONS	567.71	(980.06)
CASH FLOWS FROM FINANCING ACTIVITIES		
NOTES PAYABLE - STOCKHOLDER	(1,267.63)	490.51
NET CASH PROVIDED BY FINANCING	(1,267.63)	490.51
CHANGE IN CASH & EQUIVALENTS	(699.92)	(489.55)
BEGINNING CASH & EQUIVALENTS	2,236.20	2,025.83
<b>ENDING CASH &amp; EQUIVALENTS</b>	<b>\$1,536.28</b>	<b>\$1,536.28</b>

## Profit and Loss Projections Based on Productivity Rates

	80% Productivity Rate		70% Productivity Rate		50% Productivity Rate	
Gross Services	1,468,953.60	74.07%	1,285,334.40	74.07%	918,096.00	74.07%
Gross Retail	514,133.76	25.93%	449,867.04	25.93%	321,333.60	25.93%
<b>Gross Revenue</b>	<b>1,983,087.36</b>	<b>100.00%</b>	<b>1,735,201.44</b>	<b>100.00%</b>	<b>1,239,429.60</b>	<b>100.00%</b>
COST OF SALES						
Stylist Compensation	932,785.54	47.04%	626,187.34	47.04%	582,990.96	47.04%
Product COS	282,773.57	14.26%	247,426.87	14.26%	176,733.48	14.26%
<b>Total Cost of Sales</b>	<b>1,215,559.10</b>	<b>61.30%</b>	<b>1,063,614.22</b>	<b>61.30%</b>	<b>759,724.44</b>	<b>61.30%</b>
Gross Margin	767,528.26	38.70%	671,587.22	38.70%	479,705.16	38.70%
OPERATING EXPENSES						
Rent	40,200.00	2.74%	40,200.00	3.13%	40,200.00	4.38%
Supplies	158,646.99	8.00%	138,416.12	8.00%	99,154.37	8.00%
Advertising	59,492.62	3.00%	52,056.04	3.00%	37,182.89	3.00%
Depreciation	59,492.62	3.00%	52,056.04	3.00%	37,182.89	3.00%
Laundry	19,830.87	1.00%	17,352.01	1.00%	12,394.30	1.00%
Cleaning	19,830.87	1.00%	17,352.01	1.00%	12,394.30	1.00%
Light Power	19,830.87	1.00%	17,352.01	1.00%	12,394.30	1.00%
Repairs	29,746.31	1.50%	26,028.02	1.50%	18,591.44	1.50%
Insurance	14,873.16	0.75%	13,014.01	0.75%	9,295.72	0.75%
Telephone	14,873.16	0.75%	13,014.01	0.75%	9,295.72	0.75%
Miscellaneous	29,746.31	1.50%	26,028.02	1.50%	18,591.44	1.50%
Legal & Accounting	19,810.87	1.00%	17,352.01	1.00%	12,394.30	1.00%
<b>Total Operating Expenses</b>	<b>486,394.66</b>	<b>25.24%</b>	<b>430,620.32</b>	<b>25.63%</b>	<b>319,071.66</b>	<b>26.88%</b>
Net Operating Income\ (Loss)	281,133.60	14.18%	240,966.90	13.89%	160,633.50	12.96%
OTHER EXPENSES						
Interest Expense	11,514.74	0.58%	11,514.74	0.66%	11,514.74	0.93%
Officers Salary	156,663.90	7.90%	137,080.91	7.90%	97,914.94	7.90%
Corporate Income Taxes	22,590.99	1.14%	18,474.25	2.06%	10,240.76	0.83%
<b>Net Income(Loss)</b>	<b>90,363.97</b>	<b>4.56%</b>	<b>73,897.00</b>	<b>4.26%</b>	<b>40,963.06</b>	<b>3.30%</b>

40% Productivity Rate		30% Productivity Rate		20% Productivity Rate	
734,476.80	74.07%	550,857.60	74.07%	367,238.40	74.07%
257,066.88	25.93%	192,800.16	25.93%	128,533.44	25.93%
<b>991,543.68</b>	<b>100.00%</b>	<b>743,657.76</b>	<b>100.00%</b>	<b>495,771.84</b>	<b>100.00%</b>
466,392.77	47.04%	349,794.58	47.04%	233,196.38	47.04%
141,386.78	14.26%	106,040.09	14.26%	70,693.39	14.26%
<b>607,779.55</b>	<b>61.30%</b>	<b>455,834.66</b>	<b>61.30%</b>	<b>303,889.78</b>	<b>61.30%</b>
383,764.13	38.70%	287,823.10	38.70%	191,882.05	38.70%
40,200.00	5.47%	40,200.00	7.30%	40,200.00	10.95%
79,323.49	8.00%	59,492.62	8.00%	39,661.75	8.00%
29,746.31	3.00%	22,309.73	3.00%	14,873.16	3.00%
29,746.31	3.00%	22,309.73	3.00%	14,873.16	3.00%
9,915.44	1.00%	7,436.58	1.00%	4,957.72	1.00%
9,915.44	1.00%	7,436.58	1.00%	4,957.72	1.00%
9,915.44	1.00%	7,436.58	1.00%	4,957.72	1.00%
14,873.16	1.50%	11,154.87	1.50%	7,436.58	1.50%
7,436.58	0.75%	5,577.43	0.75%	3,718.29	0.75%
7,436.58	0.75%	5,577.43	0.75%	3,718.29	0.75%
14,873.16	1.50%	11,154.87	1.50%	7,436.58	1.50%
9,915.44	1.00%	7,436.58	1.00%	4,957.72	1.00%
<b>263,297.33</b>	<b>27.97%</b>	<b>207,523.00</b>	<b>29.80%</b>	<b>151,748.66</b>	<b>33.45%</b>
120,466.80	12.15%	80,300.10	10.80%	40,133.40	6.10%
11,514.74	1.16%	11,514.74	1.55%	11,514.74	2.32%
78,331.95	7.90%	58,748.96	7.90%	39,165.98	7.90%
6,124.02	0.62%	2,007.28	0.27%	0.0	0.00%
<b>24,496.09</b>	<b>2.47%</b>	<b>8,029.12</b>	<b>1.08%</b>	<b>(10,547.32)</b>	<b>-2.13%</b>

Gross Revenue Breakdown Based on Productivity Rates

	80% Productivity Rate	70% Productivity Rate	50% Productivity Rate
Salon	1,066,590.40	933,273.60	666,624.00
Male Room	152,372.20	133,324.80	95,232.00
Facial Department	107,136.00	93,744.00	66,960.00
Nail Department	142,846.00	124,992.00	89,280.00
<b>Gross Service Revenue</b>	<b>1,468,953.60</b>	<b>1,285,334.40</b>	<b>918,096.00</b>

40% Productivity Rate	30% Productivity Rate	20% Productivity Rate
533,299.20	399,974.40	266,649.60
76,185.60	57,139.20	38,092.80
53,568.00	40,176.00	26,784.00
71,424.00	53,568.00	35,712.00
<b>734,476.80</b>	<b>550,857.60</b>	<b>367,238.40</b>

**Cash Flow Analysis Based on Productivity Rates**

	<b>80% Productivity Rate</b>	<b>70% Productivity Rate</b>	<b>50% Productivity Rate</b>
Beginning Cash Balance	\$23,000	\$23,000	\$23,000
Net Income/(Loss) After	90,364	73,697	40,963
Adjust to Reconcile Cash			
Depreciation	59,493	52,056	37,183
Changes in Assets/Liabilities			
Fixed Assets	(75,000)	(75,000)	(75,000)
Payables	(20,000)	(20,000)	(20,000)
Cash Flows from Financing Activities			
Loan Proceeds	98,000	98,000	98,000
Debt Reduction	(16,000)	(16,000)	(16,000)
Stockholder Dist.	0	0	0
Net Cash Increase/Decrease	136,857	112,953	65,146
Ending Cash & Equivalent	<b>\$159,857</b>	<b>\$135,953</b>	<b>\$88,146</b>

<b>40% Productivity Rate</b>	<b>30% Productivity Rate</b>	<b>20% Productivity Rate</b>
\$23,000	\$23,000	\$23,000
24,496	8,029	(10,547)
29,746	22,310	14,873
(75,000)	(75,000)	(75,000)
(20,000)	(20,000)	(20,000)
98,000	98,000	98,000
(16,000)	(16,000)	(16,000)
0	0	0
41,242	17,339	(8,674)
<b>\$64,242</b>	<b>\$40,339</b>	<b>\$14,326</b>

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"Hair Salon: EPIPHANY SALON." *Business Plans Handbook*, edited by William H. Harmer and Terrance W. Peck, vol. 6, Gale, 1999. *Small Business Resource Center*, [http://link.galegroup.com/apps/doc/RPBCJN902527335/SBRC?u=cod\\_lrc&sid=SBRC&xid=e360a447](http://link.galegroup.com/apps/doc/RPBCJN902527335/SBRC?u=cod_lrc&sid=SBRC&xid=e360a447). Accessed 5 Feb. 2018.

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