



# Start Your Spa the Right Way

Our expert gives you 25 tips

by Cheryl Whitman



**A**re you planning to open a medical spa? Like many things in life, we learn from experience as well as from our and other people's mistakes. I'm going to give you what I call "Cheryl's pearls of wisdom": 25 critical tips to help spur you toward success in your business.

Don't think that you can just build a medical spa and that people will come. These are the keys to achieving long-term success in this business.

## Marketing-Driven

Opening a medical spa is a marketing-driven venture. Therefore, before you do anything else, the number-one "golden rule" is to create and stick to a solid business plan. Once you know your mission, formulate a strategy on how to achieve it. You do that by hiring a team of good accountants and a health care industry lawyer to guide you through the regulations in your state that govern the medical-spa business.

Avoid using your own funds. Lease as much as possible, and make sure that your business plan reflects these numbers so that you're "bank ready" when you start looking for financing. When you create your budget (another "must"), expect to exceed it by 10%–15%.

Do not show your business plan to anyone until an industry consultant reviews and edits it. I have seen some very poor business plans, and their creators are surprised that no one—including their friends—will lend them money!

After finalizing your business plan, the next thing to do is to find the right location. As realtors often say, the three most important things to consider when opening a business are "location, location, location." Then create and follow a realistic timeline.

I get calls every week from prospective medical-spa owners who tell me that they plan to open their businesses in 3 months—yet no location has been se-

cured and no lease has been signed. It's an unrealistic expectation. In the long run, it is better to wait for the right location to become available before you make your final decisions.

Avoid forming business partnerships for the wrong reasons, such as lack of financing. A partnership is like a marriage: You need to know with whom you are getting into an intimate long-term relationship. When it comes to money, personalities often change, and you might be surprised to see your partner's true colors emerge.

Sharing the same dream is key to a working relationship. If you have such a partner, that's fine. Unfortunately, physicians are not trained in medical school about how to market a retail or service business. That's why I believe the best partnerships are between a physician and a nonphysician—preferably a savvy businessperson.

That's the general picture. I will now give you the specifics.

## 25 Steps to Success

- 1) Know your startup costs. Create a spreadsheet with your costs and revenues for at least the first couple of years. It will also give you a benchmark for monthly revenue comparisons.
- 2) Make sure you have enough funds to build and equip your location, plus an "emergency fund" of 6–12 months' worth of backup money to cover all expenses and overhead.
- 3) Know your competition and your area's demographics before you sign a lease or decide on a location.
- 4) Before construction starts, be sure to have a well-thought-out and -planned design for your space and the flow of operations. Consult with a firm that is familiar with the medical-spa industry and can help create a work-space plan along with architectural and design suggestions.

5) Don't be surprised to find that your stress level increases during the build-out process. It's a given in any startup, so factor it in and make yourself your first massage customer.

6) Be prepared not to earn an income from your new business for at least 3–6 months.

7) Hire someone to be your second-in-command operations person to relieve you of some of the administrative burdens. A highly qualified assistant is a must to help open the business and oversee its operation afterward.

8) Another option is to hire an industry consulting firm. This will save you money and time in the long run, especially if you are planning to continue to operate your practice while growing this new business.

9) If you're a take-charge person who wants to do it all, but you'd like some assistance, visit the Web site of a medical-spa consultant. You can obtain some information at no charge and purchase more extensive how-to material.

10) Join industry organizations to educate yourself about the industry into which you are about to expand.

11) Create your own niche area of expertise. For example: Maybe you're the "vein specialist." Build a reputation as an expert in one area, but be sure to offer seminars on a variety of subjects other than that one.

12) Market the business in your community, and get the word out 3–6 months before the doors open. One way to do this is to hire a public-relations firm that can create a media buzz for you before and after your grand opening.

Another way is to network with community charities, local spas, and salons. This is a great—and inexpensive—marketing strategy.

13) Create an image and brand that will help you fill a niche in the marketplace.

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Customize all your collateral materials to reflect a look and feel that is consistent with that image.

14) Create a marketing campaign, and brand your identity with ads using your name, colors, and logo.

15) Be creative with your marketing. Design a 1-year plan of monthly specials, seminars, and lectures with catchy, creative titles to capture different markets and draw clients into your location or a local central space. Make the program educational, not a high-pressure sales pitch.

16) Plan on making retail products a large percentage of your revenue. Be very selective regarding the branded product lines that complement your services. Do your homework to see which product lines offer training, backup support, and cooperative advertising options.

17) Make sure that you allocate enough space throughout the location for your retail products.

18) Beware of the limited markup that some brand-name retail product lines will allow. For example: If you pay \$45 for a skin-care product, you can retail it for only up to \$90.

19) Do not carry products that are easily

accessible online, from local competitors, or from retail stores.

20) Look into creating your own private-label product line. It isn't as hard as you might think, especially with guidance from consultants who target and work hand in hand with labs that specialize in developing medical-spa products. With your input based on key ingredients and your target market, you can create a private-label product line with a minimum inventory of as low as six pieces per product.

21) Think about customizing your own product line. It can be a big advantage. The initial up-front investment might be more, but the products will cost you much less because you're buying in large quantities.

For example: You can buy a product at cost for \$10, with an additional \$2 for the packaging, then create a logo and a box with an insert for \$2. That's a total cost to you of \$14. You can then sell it for \$90. This will add significant cash flow to your bottom line.

22) Create an interactive, educational Web site to promote and sell your products. Use a virtual shopping cart to make purchasing easy for customers.

23) Have an inventory-control system in place as part of your updated spa software system. Consultants can tell you which systems are best.

24) Create an operational flow chart of how leads will be handled after they're generated, with backup and follow-up systems.

25) Offer clients interest-free or low-interest financing programs. For information on how, see the article on page 50.

There is always room for another good medical spa in your area. Be smart, and realize that opening a medical spa is a process. With professional guidance, you will save time and avoid costly mistakes. Do your homework by taking as many courses as possible, using reference and guide books, attending industry trade shows, and having a friend or professional guide you through the process.

Good luck! PSP

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