



smart spending

Bryan Durocher explains how to save money while still providing the right compensation package for your medical spa staff.

Having the right compensation structure for a medical spa is critical. Our industry has some of the highest payroll expenses of any type of business, and therefore, when it comes to compensation, there is very little room for mistakes. Many owners are paying compensation that is not profitable for their business nor holds accountability for their team in meeting performance goals. It is important to have a pay structure that is fair and equitable for you as a business owner, as well as for your team.

Compensation is a combination of what you pay your employees plus the benefits you provide.

The right benefit program is important because it helps you distinguish yourself from the competition. It can also be used as a tool in staff retention when you factor in vacations, paid education, retail commissions, health insurance, and special employee pricing on products and services. The days of paying a straight 50 percent commission to spa service providers are coming to an end as business owners are realizing there is not a profit to be made under this structure. There are many types of pay structures out in the market today, and no matter what type you choose, the numbers

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have to add up to the right percentage in order to maintain profitability. Medical professionals such as R.N.s and physician's assistants most likely will be used to salaried positions, so they will need to be trained on and transitioned into performing services based upon dollar incentives or commissions. Spa professionals such as estheticians and massage therapists may be used to commissions, and it is important for you to take into consideration that you are bringing two different types of professionals together, and accountability goals may be new to both of them.

TEAM MEMBER COMPENSATION

All employees should be compensated with a base and/or a commissions salary package. This can vary depending on the position and commission percentage due to services performed. An R.N. may have a higher hourly wage such as \$20 to \$25 plus tiered commissions of 2 to 5 percent on services performed. An esthetician may earn \$10 to \$15 per hour with 35 to 45 percent tiered commissions. You would pay the base draw or the commission—whichever is greater. Also, service providers should be eligible to participate in a retail commission program. The following are four ways to track a service provider's performance and pay them accordingly:

Pre-booked percentage The pre-booking number comes from the number of clients in a pay period who have scheduled their next appointment with the service provider. If the service provider saw 40 clients during the pay period and 20 of them booked their next appointment before leaving, his or her pre-booking percentage would be 50 percent because half of the scheduled clients are pre-booked for their next appointment.

Retention percentage This refers to the number of clients seen in a pay period who return and request a specific service provider. If the service provider saw 40 clients during the pay period and 20 of

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them were return requests, the provider's retention percentage would be 50 percent because half of the scheduled clients were repeat business.

Premium service percentage This percentage is determined by identifying service categories such as medical-grade peels, eyelash tinting, tanning, and microdermabrasion that have a higher ticket price and require clients to come in with frequency in order to maintain the service, making them more likely to be loyal to a service provider or business. Suppose a service provider had \$4,000 in gross service sales for the two-week pay period and \$2,000 of that total came from chemical peels and microdermabrasion. Divide \$4,000 gross service totals by \$2,000 chemical totals, and your chemical percentage would be 50 percent.

Retail percentage This percentage is derived by dividing the service provider's retail product sales during the pay period by their service sales. For example, if a service provider generates \$2,000 in service sales during the pay period and in addition sells \$300 worth of retail product to his or her client, divide \$2,000 by \$300 and you would get a 15 percent retail percentage to service dollar sales.

Paying commissions and holding people accountable are well-established methods in other industries and work very effectively in a medical spa when training is provided.

Employees naturally perform better with incentives. The harder they work, the more they can earn, based upon productivity. It's a win-win situation for everyone involved.—Bryan Durocher

Bryan Durocher is the founder of Durocher Enterprises, which provides coaching, consulting, global industry trends, and marketing solutions for spas and medical spas. He will be holding a one-day seminar on how to boost your bottom line at IECSC Orlando on Sept. 29. For more information, visit www.durocherenterprises.com.

