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NAVIGATING THROUGH FINANCIAL UNCERTAINTY

Strategies and resources to help spas and estheticians during an economic crisis

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Let's face it: we had no idea of the extent or impact that COVID would have on our industry and the economy as a whole. However, many of us have experienced shutdowns in the past. Whether it be hurricanes, snowstorms, tornados, or any other variety of environmental catastrophe, an extended closure has always been a very real possibility. But now that we understand what these can do to our businesses, it is time to create a plan, so you aren't caught unprepared in the future.

Any emergency financial contingency plan should be specific to your business. Your team is made up of talented and unique individuals, each with their challenges and commitments. A generic "one size fits all" plan will not work. Take the time to take a good hard look at your practice's finances. Talk to your employees about any planned changes and try to get their input. Do your due diligence to address their concerns and identify any unique hardships they may face. Most importantly, keep the lines of communication open throughout the planning and execution phases.



After assessing the situation and laying the groundwork for your plan, make sure you're analyzing your cash flow. Know where your money is coming from and where it needs to go. It may be that your budget is going to need to stretch incredibly thin, so make a thoughtful analysis of what is essential to the operation of your business. Make sure you have a tight grip on your finances, both business and personal. Reach out to lenders for assistance with any outstanding debt. Reach out to your landlord and see if you can get any relief from rent until you can reopen. Reach out to credit card companies and request a lower rate. Additionally, many device manufacturers and vendors are offering varying levels of relief to their clients. Remember, your account is valuable to them. Many are willing to meet you halfway through

either restructured payments, lowered rates, and/or deferments.

In addition to managing your payments, take a look at your other expenses, and consider making cuts on everyday items. Preserving your existing cash reserves are paramount. Look for ways to save money in your practice. After a thoughtful review, you'll be surprised by how many valuable dollars are going to waste on silly things. Make sure you have a reasonable budget and stick to it. Don't look at your budget as an ultimatum, but think of it more as just a thoughtful plan for how you're going to spend your money. As an owner, you likely work with a team to help manage all of the moving parts of your finances. Accountants, bookkeepers, financial planners, and the rest may make your life easier, but that is no excuse not to understand where your cash is going!

All of the fear about the current state of things stem from uncertainty. Seek out education and do your best to learn everything you can about the situation. This is especially important when it comes to your finances, so brush up on your financial acumen! As service providers, and really as artists, oftentimes your work comes at the expense of the "business" side of things. Like giving a client spectacular lips or softening wrinkles, practice makes perfect! Make sure you have a good understanding of your Profit & Loss Statement as well as your Balance Sheet. If you don't understand, ask for help! There are many resources online to allow yourself to have at least basic financial literacy. Oftentimes, your CPA or bookkeeper is happy to help as well.

Once your numbers make sense to you, and you have a good under-

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standing of your cash flow, you can look for opportunities. Numbers tell a story. They can tell you what your clients' favorite procedures are, and who your biggest fans are. Take a close look at your most valuable procedures and clients. Analyze your best-selling retail products. Find out what makes these things great or not so great. Cut procedures and products that take up valuable time and resources and don't give you the return on your investment. The time you spend analyzing your business now will only help you improve in the future. While you may be unable to generate revenue, you can still find ways to grow. Be proactive about making changes now.

The harsh reality is that many practices do not have the cash reserves to survive an extended shutdown. Battering down the hatches and hoping to wait it out simply may not



An advertisement for Bio France Lab. It features a woman with blonde hair wearing a white headband and a green peel-off facial mask. The text reads: "BEST OF THE BEST AWARD WINNING JELLY PEEL OFF MASK IN THE INDUSTRY". In the bottom right corner, there is a logo for "BIO FRANCE LAB MADE IN FRANCE". At the bottom, a red banner contains the website "BIOFRANCELAB.COM".

be an option for them. Fortunately, many states and the federal government have created assistance programs to help small businesses survive. Make sure you are aware of the resources in your area and utilize them. Many of these programs provide immediate relief in the form of low-interest loans. A vital cash infusion that you can use to pay your employees, rent, or pay down other debt.

Despite all the uncertainty surrounding the times and the state of the economy, practices are still finding ways to generate revenue. Since the COVID-19 shutdowns impacted many states, many facilities have seen online retail platforms become their saving grace. A strong online store is a phenomenal way to bring in much needed revenue during an extended shutdown. There are many options out there for creating an online store, and many product manufacturers have resources to help get one set up as well. Online stores can sell everything from skincare products to e-gift cards. Get creative with your offers!

When all is said and done, the world will eventually return to some semblance of normal. When it does, we need to be prepared to move forward. An extended shutdown will teach you a lot about your facility, your team, and yourself as a business owner. An unprecedented event like this is exactly that, unprecedented. But it is not impossible or even improbable that something like this will happen again. Hopefully, this event taught you some very valuable lessons that will minimize the impact of any future occurrences. With this test comes opportunities. And with some careful planning, diligence, and a little creativity, your practice can endure and come out stronger on the other side. ■