

## How To Raise Your Prices



Many professionals in the beauty industry love what they are doing, yet feel they've given up their lives to help other people have a life. Think seriously about the amount of time you want to work. If you find yourself stretched to accommodate clients or just don't have enough hours in the day – it may be time to raise your prices. Lauren Gartland is the founder of Inspiring Champions, a business training and coaching company that helps thousands of beauty professionals each year create a work/life balance. "Raising your service prices, setting boundaries and saying no are absolute musts for the advancement of your professional career, as well as your life," says Gartland. She helps salon professionals to determine when it is time to raise prices, how much to raise them, how often and how to tell your clientele. You may be surprised to hear what always happens when prices are raised in the correct way!

### Raising Prices With No Fear

The time to raise your prices is when the demand is greater than the supply. When you are consistently booked 85% or more of the time over a two to three month period it is time to raise prices. Or, if you have not raised them in 12 to 18 months, then it is also time. Gartland notes, "The cost of living goes up every year, your operating costs go up and so should your salary. I'm giving you permission to give yourself a raise!"

To figure out what your average time really spent working is, Gartland instructs how to figure out your PHP, Potential Hours of Productivity. Write down in columns the days you work with hours underneath, minus your lunch or break time. If you work nine hours a day, five days a week, with a one hour lunch break that would equal forty hours. "If you do not currently take a lunch break or other breaks, start taking them," notes Gartland. "Treat it as an appointment – for yourself. If a client wants to book during this time simply say, I would love to get you in today, but unfortunately

I have no open appointments. When you take care of yourself first, you can then better take care of others." Start now by looking at your book and marking out a lunch break every day, going as far ahead as needed to begin. Rearrange any clients who are the only appointment in the day if they are in your break time. For hairstylists who are booked solid, your first action to take is not to accept any new clients who only want haircuts. Start to think about forming your business around the ideal client – one who wants higher priced services such as haircolor, hair extensions or other specialty services. This will ultimately allow you to work smarter and increase your profits while working fewer hours.

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Once you figure your PHP, then figure your RHP, Real Hours of Productivity. These are the hours you actually worked. Keep track of your daily PHP and RHP. To find your daily average, simply divide your Real Hours by your Potential Hours. For example, if your real hours for a day were 5.5 hours and your potential was 8 hours, then your average would be 69%, which is 5.5 divided by 8. Inspiring Champions has detailed worksheets to help members

do their tracking that keep it very simple and organized; these are available in their educational materials for course participants. After calculating your average each day, then do it again at the end of the week. For example, if your real hours for a week were 27 hours and your potential was 42, then your average would be 27 divided by 42, which is 64%. "Keep track of your numbers consistently over a period of two months," instructs Gartland. "If your average is 85% or higher, then it is time to raise your prices, as your demand has exceeded your supply." Industry reports say that 75% of all professionals only spend 33% of their time actually working on clients. That is a lot of wasted time that could be used by either rearranging your schedule, filling those empty slots or simply having more days off!

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Now that you've decided to raise your prices, think about how much you should raise them and how often? "Do not drastically raise your prices at one time," Gartland cautions. "Start with a ten percent adjustment. This will instantly increase your profits and it won't affect your clients' service tickets too severely. However, keep tracking your average hours booked and keep an eye on your percentages. If you again reach an 85% booking rate in two to three months, then raise prices again. You can raise them a few times in a year if your client demand continues to exceed your supply." Gartland also cautions that you should expect to lose some clients. The upside? "You need to lose them!" she says. "You may lose about 10% of your clients, yet consider this; you will be earning more while working less. You also want to replace those clients with your ideal clients, those with the higher service tickets, such as for haircolor." It will be important to have someone to refer clients to if you reach your peak capacity; ideally you could refer them to a new or junior hairstylist at your salon.

### How To Tell Your Clients

The next step to consider is how to tell your clients. Always tell them ahead of time, so an increase won't be an unexpected surprise. Gartland instructs, "Consider what your typical client cycle is. If you see clients every six weeks, then post an announcement six weeks before you will raise prices. It's important that your guests will see it at least once before the increase is effective." You could place signs on your station, send an email to your client list or mail out an announcement letter. Word your announcement professionally and positively.

Always open with a thank you for their business and acknowledgement of your appreciation. State the exact date and details of the price increase. If you are changing your salon offerings or adding new services, be sure to include a short but powerful description of them. Consider offering a value-added service, discount or special gift. You could offer a complimentary deep conditioning treatment or a free product with service. Of course, if you have pre-sold a package for hair services you will need to honor the price the package reflects.

Almost always, an unexpected result happens when stylists raise their prices. "We assume that people are going to ask why?" notes Gartland. "Typically, they do not say anything. They actually expect prices to be raised. Some clients will even say, well it's about time!" Remember that you do not need to go into detail when explaining your price increase. Don't talk about the cost of living, your increased distributor costs or your children's college tuition. Eliminate the drama! If the worse case scenario happens and you do lose a few clients, remember that your goal is to fill your book with ideal clients. You will still be making more money while balancing your time better.

Gartland concludes, "Do not be attached to what your clients choose to do. It is not personal. It is business and you are treating your career as a business and not as a hobby! You get to be the director of your own life. Set boundaries, learn to say no and do not be afraid. Decide to make an investment in your business and your life. Take the initial steps to design the career that you want. Create a life that works for YOU!"



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