



Unit-6

Entrepreneurship

Learning Outcomes

Session	Topic	Outcome
1	Planning and establishment of salon	You will be able to understand ● How much money is required to start the salon. ● Opportunities available in the industry. ● Licensing and legal formalities required for the industry. ● How to choose the location for the salon. ● How to operate the salon.
2	Stock/Inventory/Control	Students will be able to understand ● What is inventory? ● Objectives of inventory control. ● Steps in inventory control. ● Stock rotation and its importance.
3	Supervisory skills	You will be able to understand ● Skills of a supervisor required in the beauty industry. ● Managerial skill for beauty industry. ● Importance of team work.

Assessment Plan (For Teachers)

Session	Topic	Assessment method	Remarks
1	Planning and establishment of salon	Exercise: Question and answer. Prepare a plan for setting up a beauty salon	Visit to salon
2	Stock/Inventory/Control	Exercise: Question and answer. Practical: mock session	Visit to market for retail study.
3	Supervisory skills	Exercise: Question and answer. Practical: prepare daily task priority plan	Team building activities and games.



Session-1 : Planning and Establishment of Salon

Did you enjoy getting your hair done or watching older siblings do their hair when you were kids? Perhaps you took pleasure in making up your friends for parties and other special events? Most importantly, have you always dreamed of opening your very own beauty salon?



Setting Up Shop

Figure out how much money you need

Starting a business can cost a lot of money, and most entrepreneurs don't turn a profit for the first year or two. Begin with a business plan. Provide a description of how you will run the beauty salon. Elements of a professional business plan include items such as a summary, description, marketing ideas, analysis of the competition and long-term outlook. Banks often request business plans before lending money.

Here's what to consider:

- Can you still support yourself while your business gets up and running? Calculate how much money you need for monthly expenses, how much of a cushion you have in savings, and how much you absolutely *must* make each month to stay afloat.
- Come up with an operating budget. Calculate how much money you'll need to run your business every month. Include rent, licensing, training, payroll, supplies and an emergency fund.
- Figure out how much you'll charge for services. Once you have an operating budget, you'll know how much money you need to break even each month. To make a profit, though, you'll need to do more than break even. Estimate how many services (such as hair cuts, colors, manicures, etc.) you might perform in a week and figure out how much they need to cost in order for you to make money.
- Keep in mind that though you need to charge enough to be profitable, you can't charge *too* much — or you'll drive away customers. Try to set a price point that is both fair for your clients and prosperous for you.
- Get an idea of what other salons charge. Browse comparable salons in your area, and take note of what they charge. Your prices should probably be in a similar range.



- Do you need a small business loan? Make an appointment with a loan officer at a local bank, and ask him or her to talk you through the process of getting a small business plan. Before you go, write up a quick summary of how you expect your salon to be profitable — whether it's because you offer a unique service or because there aren't enough salons in your area.
- Figure out how you'll pay taxes. Paying taxes as a small business is different than doing so as an individual, so be sure to figure out what you need in advance. To save yourself time and trouble, consider enlisting the help of a CPA while you set up your business.

The Opportunities

There are three ways you can make your mark on the industry. You can open a franchise salon, in which you pay money upfront for the privilege of opening that salon using someone else's established name (which gives you an instant reputation) and its resources (like advertising campaigns). You can buy an established salon from someone who is retiring from the business, has tired of the business, or has damaged the business and forced it into bankruptcy (all three happen every day). A third option is to establish your own salon using your own money, your own ingenuity and your own optimism that hard work and talent will win out.

Take care of any licensing or legal formalities required to start a salon

Unfortunately, running a business means having to deal with red tape and paperwork. Here's what you need to take care of:

- Get a business license. All businesses need a shop and establishment license to be operating.
- Make sure your salon can pass a health inspection. To avoid fines or (even worse) being shut down by the health department, make sure your salon is sanitary and following the guidelines laid out by your state.
- A fire safety license is also usually essential prior to starting an outlet.

Choose the right location

Location is critical to the success of your business. Consider these factors:

- Get into a high-traffic area. Busy streets, malls or spaces next to locations people visit often (such as grocery stores) are ideal.
- Try to have easy access. If parking is a hassle and traffic is thick on the way to your salon, people might not consider it worth the effort.
- Stay away from the competition. Don't situate yourself directly next to another salon — you'll cancel each other out. Instead, try to stake out a place where you'll be the only salon for a few blocks.



Other points to be kept in mind while choosing the location

1. Central location in a well populated area.
2. Services which the area requires (this will be determined by your market research).
3. Services which are different or better than the competition.
4. Good “passing by” trade.
5. Accessible for both drivers and pedestrians (public transport).
6. Near other business (not in direct competition).
7. Sharing with alternative/complimentary therapists (aroma therapists, reflexologists).

Operations of the salon

To begin with, you must consider your hours of operation carefully so you can accommodate the maximum number of clients during the business day. You undoubtedly already know that the beauty business isn't a 9-to-5 kind of industry. Salons are now open seven days a week and on some of the traditional holidays, and their hours may be extended around prom time or during peak wedding season. What has driven this demand has been the proliferation of two-income couples who manage the demands of raising a family while juggling careers and managing their own personal business. So while it wasn't so long ago that people wouldn't even consider getting a haircut on Sunday, salon hours on Sunday are now a must (even if on an abbreviated schedule). Even day spas are open on Sundays, since this may be the only time during the week that a busy career mom can get away for some personal pampering.

Hire qualified and trained personnel

The cosmetic procedures performed by untrained personnel may cause health problems to the clients. It is important that you hire only qualified and well-trained beauticians, stylists, and other personnel.

- Remember, it is your responsibility as the salon owner to ensure that your personnel are adequately trained and understand each procedure offered.
- Experience may give a beautician the expertise to render treatment, but, without proper training, she would be unaware of the merits and demerits of procedures.
- Have a short but clear salon procedures manual in place as soon as you can, and give each employee a contract when they start. These documents are usually easy to find on the internet and you can then customize them to your business. It will save you a lot of headaches in the long run if you are set up properly at the beginning.

Payroll related costs are the number 1 expense; the employer has to bear with when running an organization. The global average is approx. 40% of expenses in the form of salaries of the employees and an additional 10% in the form of employee benefits.



The typical positions required in the average spa

- Manager
- Assistant Manager (May double with senior role)
- Receptionists- Often double as consultants
- Senior Therapist- Acts as a team leader
- Trainer- May be a senior therapist in small spas
- Therapists- Generalist, Specialist, multi skill, massage or beauty
- Attendants- M/F attending the guest in changing rooms
- Consultant- Freelance or visiting



What services are you going to offer?

Narrow down the types of services offered by your salon and determine their prices. Beauty salons vary. Some only offer hair services, whereas others include nail services and spa service — massages and facials. Visit salons in your local area to research pricing information to stay competitive.

Hair care, body care, manicures/pedicures, waxing, skincare and eye care, reflexology, and aromatherapy are examples of services you can offer. Some services can be clubbed together and performed in the same physical space, while others require dedicated areas. Also think about whether your beauty salon will cater just to women or be unisex. If unisex, will separate physical areas be needed for male and female clients?

Do you plan to retail products?

If so, you'll need to factor in extra storage space and space to set up promotional material.

Remember that some cities may have municipal regulations that require you to register with them and/or get clearances for setting up a salon – be sure to check on this well before you start. Don't forget to factor in restroom facilities for your physical space as well.



Designing and Decorating

Once you decide on your services and number of staff, and have space that you can effectively convert to a salon setting, make a list of what physical changes need to be made to the area, and start working on it.

Things you'll need to consider when visualising your space on paper, apart from sofas, tables, and chairs, are power points, water points, lighting, and windows. You don't necessarily have to stick to a particular theme, but having one can help your clients identify with and be pleased by the overall ambience.

Choosing and Purchasing Equipment

It's best to buy equipment that's of the highest quality that you can afford. You need to look at equipment as investments which both pay for themselves and make profits for you in the long run.

What kind of equipment you purchase depends on the services you plan on offering (and the availability of staff to perform them). Know that you can sometimes lease salon equipment instead of buying outright – look into what suits your budget best.

You'll also need a reception desk, with lockable drawers that can hold cash and receipts. A computer is a good way to be organised: if purchasing a new one outright doesn't fit well into your budget, go second-hand, or have your personal computer serve its time at your salon.

An old-fashioned appointment book is perfectly acceptable to begin with, however, and you can move on to a computer as business grows.

If you're looking to sell retail products at your salon, choose one company and stick to it. Becoming a dedicated franchisee of a particular brand can help boost the image of your salon overall.

Ordering Supplies

Before you open your salon, ensure that you have enough of all essential supplies. What supplies you need to keep in stock depend on the services you plan on offering. When offering services such as waxing, you'll need to ensure you have enough wax and related supplies at any given point in time.

Manicures/pedicures require specialised tools, and if you'll be selling retail products, you'll need to have enough stock and a stand for them. The following list covers supplies common to even the most basic of salons:

- First aid box
- Scissors and combs
- Hair dryers
- Cotton wool
- Bowls



- Acetone
- Dispensers
- Disposable gloves
- Equipment cleaner
- Sponges
- Relaxing music
- Tissues
- Towels
- Tweezers

Publicity And Marketing

Make sure that a part of your budget is spent on publicising and marketing your venture. This need not be very expensive.

You can advertise in magazines and papers, send out flyers in the local neighbourhood, and even advertise online, either via dedicated website, or on social networking sites. Having an introductory offer or two on services can be a real boost as well.

Sustaining and Growing Your Business

Sustaining a beauty salon doesn't take much: you just need to keep your customers happy. Never underestimate the power of word of mouth. Customers that enjoy their experience at your salon will always share and recommend your business with their family and friends.

Growing beyond your present scale of operations depends on how successful your venture is: you might want to slowly begin growth by offering more services, move on eventually to expanding or relocating physical space, or even starting a new branch entirely.

Session-2 : Stock/Inventory Control





1. What is Inventory?

All the materials, parts, suppliers, expenses and in process or finished products recorded on the books by an organization and kept in its stocks, warehouses or plant for some period of time.

2. What is Inventory control?

Inventory control is the technique of maintaining the size of the inventory at some desired level keeping in view the best economic interest of an organization.

a) Objectives of Inventory Control

- Protection against fluctuations in demand.
- Better use of men, machines and material.
- Protection against fluctuations in output.
- Control of stock volume.
- Control of stock distribution.

b) Steps in Inventory control

- Deciding the maximum-minimum limits of inventory.
- Determination of Reorder point.
- Determination of reorder quantity.

c) Maximum Stock Level

- Quantity of inventory above which should not be allowed to be kept. This quantity is fixed keeping in view the disadvantages of overstocking;

d) Factors to be considered

- Amount of capital available.
- Go down space available.
- Possibility of loss.
- Cost of maintaining stores.
- Likely fluctuation in prices.
- Seasonal nature of supply of material.
- Restriction imposed by Govt.
- Possibility of change in fashion and habit.



e) Minimum Stock Level

- This represents the quantity below which stocks should not be allowed to fall.
- The level is fixed for all items of stores and the following factors are taken into account:
 1. Lead time- The time required for the order to reach your place after placing the order.
 2. Rate of consumption of the material during the lead time.

f) Re-Ordering Level

- It is the point at which if stock of the material in store approaches, the store keeper should initiate the purchase requisition for fresh supply of material.
- This level is fixed somewhere between maximum and minimum level.

Factors which help to make the System successful

- Stores ledger, stores control, cards or bin cards are properly maintained.
- Quantity balance store shown in the store ledger; stock control and bin cards are reconciled.
- Exploring the cause of discrepancies if any physical balances and book balances.

Review Questions

- Q1. What is Inventory?
- Q2. What is Inventory control?
- Q3. What are the objectives of inventory control?

Session – 3 : Supervisory Skills

Definition of a supervisor

An employee is a supervisor if he has the power and authority do the following actions

1. Give instructions and/or orders to subordinated.
2. Be held responsible for the work and actions of other employees.

In other words, a supervisor is a person in the first-line management who monitors and regulates employees in their performance of assigned or delegated tasks.

The skill set of supervisor can broadly divided into the following 3 sections:

1. Technical Skills
2. People Skills
3. Managerial Skills



Technical Skills

1. Thorough knowledge of the business and operating environment. Understands systems to operate business successfully.
2. Knowledge of services that are being offered in the salon and spa and its likely impact on the end consumer.
3. Understanding and knowledge of offering the right services independently and without supervision. Ability to work independently, solve problems and move ahead without constant instructions.
4. Understanding and knowledge of offering the right services to the relevant customer.

People Skills

1. Team and people building skills
 - a. Understands the importance of mentoring and coaching employees.
 - b. Demonstrates interest in helping others to improve or develop new skills
 - c. Exhibits leadership qualities in managing the team.
2. Promotes key values
 - a. Consistently demonstrates work ethics and values
 - b. High integrity, quick to learn and adapt
3. Communicates effectively-
 - a. Shares information and encourages candid and open dialogue.
 - b. Ensures that all share information and have access to information for performing their tasks effectively.

Managerial Skills

1. Produces results
 - a. Directs his own action and that of others to achieve business goals
 - b. Ability to work under pressure and meet strict deadlines.
2. Promotes key values
 - a. Consistently demonstrates work ethics and values
 - b. High integrity, quick to learn and adapt.
3. Organized with computer skills
 - a. Organizes time effectively to achieve business goals



- b. Knowledge and skills in computer applications in office environment.
4. Problem Solving and uses sound judgment
 - a. Applies business knowledge to solve problems effectively
5. Adept and implements change
 - a. Open to change and is adaptable

Importance of team work

Teamwork in the workplace enables all employees to learn how to work together. It's more a means to a synergistic way of working, where the sum is greater than the parts. Teamwork is vital to the success of an organization and to the development of each employee. Understanding precisely how this is so will assist in developing company policies that are geared towards effective team management.

Delegation

- At team that works will together understands the strengths and weaknesses of each team member.
- Team work ensures that team leaders and members become proficient at dividing up tasks so they are done by the most qualified people.
- Without strong teamwork, it is difficult for managers and executives to determine which staff members can best accomplish job tasks

Efficiency

- Work groups and teams develop systems that allow them to complete tasks efficiently and quickly
- Tasks are accomplished at a faster pace when it is done by a team rather than an individual. An individual will definitely take more time to perform if he is single handedly responsible for everything.
- When employees work together, they start helping each other and responsibilities are shared and thus it reduces the work load and word pressure.
- Every team member is assigned one or the other responsibility according to his specialization, level of interest and this the outputs is much more efficient and faster.

Support

- There are challenges each day in any workplace, and a strong team environment can act as a support mechanism for staff members.
- Work group members can help each other improve their performance and work together towards improving their professional development.
- One feels motivated to work hard in a team and to live up to the expectations of the other members.
- Team work is also important improve the relations among the employees.



- Team members also come to rely on each other and trust each other.
- The level of bonding increases as a result of team work.
- These bonds can be important when the team faces a particularly difficult challenge.
- Team work also reduces the chances of unnecessary conflicts among the employees and every individual tries his level best to support his team member.

Ideas

- When a team works well together, it allows its members to feel more comfortable in offering suggestions.
- Team members become accustomed to processing brainstorming information and the company benefits from the variety of suggestion that come from effective teams.

To summarize

Teams succeed when members have:

1. Commitment to common objectives
 - More likely when they set them; recognize interdependence.
2. Defined, appropriate roles and responsibilities
 - Good use of individual talent
 - Opportunity for each to grow, learn all skills
3. Effective decision systems, communication and work procedures
 - Open, honest communication
 - Accepts conflict, manages it, resolves it well
4. Good personal relationships
5. Mutual trust

Review Question

- Q1. What types of licensing or legal formalities are required to start the salon?
- Q2. List the points you will keep in mind while selecting the location for your salon
- a) _____
 - b) _____
 - c) _____
 - d) _____
- Q3. List the modes of advertisement you can use for publicity and marketing of the salon
- a) _____
 - b) _____



- c) _____
- d) _____

Q4. What is inventory?

Q5. List any three objectives of inventory control

- a) _____
- b) _____
- c) _____
- d) _____

Q5. List the skill required for the supervisory post in the salon

- a) _____
- b) _____
- c) _____
- d) _____

Q6. Write down the importance of team work in the salon.





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