GET PREPARED TO FINISH 2020 STRONG
EXCLUSIVE BUSINESS PARTNER

L’ORÉAL Professional Products

SUMMIT
Salon Business Center

MIZANI

BIOLOGIE

PULP RIOT

KÉRASTASE

PUREOLOGY Serious Colour Care

L’ORÉAL Professionnel Paris

REDKEN 5th Avenue NYC

MATRIX

shu uemura art of hair
GET PREPARED TO FINISH 2020 STRONG

WELCOME! YOUR HOSTS...

PETER MAHONEY
SSBC PRESIDENT

HEATHER BAGBY
SSBC VICE PRESIDENT

GLENN BAKER
SSBC SENIOR DIRECTOR OF CONSULTING

DAVE KIRBY
SSBC SENIOR DIRECTOR OF DEVELOPMENT
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- Salon Survey Results
  - Sales, Breakeven Calculation, Cash Management
- Staff Retention / Recruitment
- Price Increase Formula
- Rebook / Retail Promotion
- Digital Consultations
- Communication
- 2020 Holiday Kits
- E-Commerce / Curbside Pick-up
Questions?

Email Coaches@SummitSalon.com for personal responses to questions.
Please help us to understand how the re-opening of your salon company has been by responding to the following questions!
<table>
<thead>
<tr>
<th>Period</th>
<th>Increase/Decrease</th>
<th>Mean</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 1</td>
<td>80%/20%</td>
<td>60%/27%</td>
<td>35%/19%</td>
</tr>
<tr>
<td>Week 2</td>
<td>85%/15%</td>
<td>44%/22%</td>
<td>32%/11%</td>
</tr>
<tr>
<td>Week 3</td>
<td>70%/30%</td>
<td>41%/22%</td>
<td>28%/14%</td>
</tr>
<tr>
<td>Week 4</td>
<td>50%/50%</td>
<td>44%/17%</td>
<td>32%/13%</td>
</tr>
</tbody>
</table>
SALES OBSERVATIONS

1. The number of Salons reporting sales increases decreased from 80% in week 1 to 50% in week 4
2. The number of salons reporting decreases increased from 20% to 50% in week 4
3. By week 4 the data was as follows
   • 25% of salons had increases above 32%
   • 25% of salons had increases below 32%
   • 25% of salons had decreases below 13%
   • 25% of salons had decreases above 13%

Please help us to understand how the re-opening of your salon company has been by responding to the following questions!
<table>
<thead>
<tr>
<th>Rent + Debt</th>
<th>Monthly Sales</th>
<th>Ratio</th>
<th>Decline to BE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5000</td>
<td>$35,000</td>
<td>7X</td>
<td>0%</td>
</tr>
<tr>
<td>$5000</td>
<td>$40,000</td>
<td>8X</td>
<td>(12.5%)</td>
</tr>
<tr>
<td>$5000</td>
<td>$45,000</td>
<td>9X</td>
<td>(22.0%)</td>
</tr>
<tr>
<td>$5000</td>
<td>$50,000</td>
<td>10X</td>
<td>(30%)</td>
</tr>
</tbody>
</table>
CONCLUSIONS

1. Salon traffic begins to decline by week 3-4 after re-opening
2. By week 4, 50% of salons are reporting year-over-year sales declines
3. As many as 50% of salons had negative comps averaging (17%) by week 4 compared to their prior year’s sales
4. An estimated 40% of those salons would be cash negative without some form of subsidy!!!
Please help us to understand how the re-opening of your salon company has been by responding to the following questions!

**PROFIT CENTERS**

<table>
<thead>
<tr>
<th>Period</th>
<th>Respondents</th>
<th>Mean</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 1</td>
<td>106</td>
<td>68.4%</td>
<td>66.7%</td>
</tr>
<tr>
<td>Week 2</td>
<td>88</td>
<td>68.6%</td>
<td>66.7%</td>
</tr>
<tr>
<td>Week 3</td>
<td>74</td>
<td>69.9%</td>
<td>65.9%</td>
</tr>
<tr>
<td>Week 4</td>
<td>61</td>
<td>75.5%</td>
<td>81.3%</td>
</tr>
</tbody>
</table>
### Staff Retention

<table>
<thead>
<tr>
<th>Period</th>
<th>Respondents</th>
<th>Mean</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 1</td>
<td>161</td>
<td>80%</td>
<td>88%</td>
</tr>
<tr>
<td>Week 2</td>
<td>144</td>
<td>82%</td>
<td>90%</td>
</tr>
<tr>
<td>Week 3</td>
<td>127</td>
<td>85%</td>
<td>92%</td>
</tr>
<tr>
<td>Week 4</td>
<td>102</td>
<td>89%</td>
<td>96%</td>
</tr>
</tbody>
</table>

Please help us to understand how the re-opening of your salon company has been by responding to the following questions!
OBSERVATIONS

1. On Average only 70% of profit centers were operational in weeks 1–3

2. The number of operational profit centers increased to 80% by week 4, but had a negative correlation to sales

3. Staffing levels improved from week 1–4 averaging approximately 84%, but also had a negative correlation to sales
CONCLUSIONS

1. The number of operational profit centers as well as staffing levels does not seem to be directly tied to sales performance in the first 4 weeks of re-opening. This could be driven by several factors including the public’s reluctance to engage in salon services which require close contact with others.
Please help us to understand how the re-opening of your salon company has been by responding to the following questions!

## CASH MANAGEMENT

<table>
<thead>
<tr>
<th>Period</th>
<th>Respondents</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Plan</td>
<td>156</td>
<td>44%</td>
<td>56%</td>
</tr>
<tr>
<td>Cash Flow Plan</td>
<td>151</td>
<td>36%</td>
<td>64%</td>
</tr>
</tbody>
</table>
OBSERVATIONS

1. Less than 44% of salons have a Sales Plan
2. Less than 36% of Salons have a Cash Management Plan

CONCLUSIONS

The majority of salon companies surveyed have no formal Sales or Cash Management Strategy
Covid-19 and the resulting shut down has had a profound impact on salon companies and continues to stress their resources after re-opening. Many salons are struggling to staff their salons to pre-COVID levels while at the same time dealing with employees, consumer reluctance, and anxiety around the salon environment.

Most, if not all, have accessed and are deploying some form of government aid to sustain operations, but have no formal Sales or Cash Management Strategy in place for long term sustainability. Without ongoing subsidies, a large percentage of these salons will not cash flow.
FINANCIAL RECOMMENDATIONS

• Build a 12-month cash flow plan with contingencies
• Determine break even factor and sales tolerance
• Convert all debt service to interest only if possible
• Increase cash reserves to one month’s sales
• Look to landlords to participate in rent reductions or subsidies
• Apply for all government assistance possible
• Aggressively recruit new talent
• Review all fixed and variable overhead and apply all possible cost cutting measures.
OBSERVATIONS

1. EXIT INTERVIEWS
   • Fear
   • Compensation Transparency
     – Flexibility
     – Benefits

CONCLUSIONS

Relaunch / Launch Recruitment Campaign
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FAMILY

IF IT'S IMPORTANT TO YOU, IT'S IMPORTANT TO US.

Don’t want to miss your kid’s sporting events?
Trouble getting up at the crack of dawn
to drive your crazy commute?
Does your partner have specific days/times off
during the week?

Flexible Schedules

Being open 7 days a week and having split shift options
means that you can work long days, short days, and any
combination of days that works for your life.
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FREEDOM

IF IT'S IMPORTANT TO YOU,
IT'S IMPORTANT TO US.

Do you have great style that you want to express by not having a dress code?
Ready to be part of a culture where diversity is celebrated and embraced?

We hire nice people. It's that simple.
If you're nice - and love being a part of our industry - you'll fit right in.
FINANCE

IF IT'S IMPORTANT TO YOU,
IT'S IMPORTANT TO US.

Ready for a career path that sets you up for a yearly raise of $10K - $15K?
How does a compensation package including a year end bonus, education budget, and paid healthcare sound to you right now?

Financial Security

We don’t believe money = happiness. We believe that the financial freedom you have when you make a good living creates a quality of life most people only dream is possible.
OBSERVATIONS

1. FINANCIAL REVIEW
   - What’s the cost of this new way of working?
     - Increased Professional Supply Cost %
     - Increased Office Supply Cost %
     - Additional Cleaning (Repairs/Maintenance %)
     - Admin Costs – Front Desk %
     - FMLA, Cares Act – Benefits %

CONCLUSIONS

Is it time for a Price Increase?
% decrease x 4 = % of price increase

<table>
<thead>
<tr>
<th></th>
<th>PRE COVID</th>
<th></th>
<th>REOPENING</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL SALES</td>
<td>100%</td>
<td>TOTAL SALES</td>
<td>100%</td>
</tr>
<tr>
<td>DIRECT EXPENSES</td>
<td>70%</td>
<td>DIRECT EXPENSES</td>
<td>71%</td>
</tr>
<tr>
<td>INDIRECT EXPENSES</td>
<td>20%</td>
<td>INDIRECT EXPENSES</td>
<td>21%</td>
</tr>
<tr>
<td>NET PROFIT</td>
<td>10%</td>
<td>NET PROFIT</td>
<td>8%</td>
</tr>
</tbody>
</table>

2% x 4 = 8% Price Increase
<table>
<thead>
<tr>
<th>Period</th>
<th>Respondents</th>
<th>Mean</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 1</td>
<td>98</td>
<td>16%</td>
<td>14%</td>
</tr>
<tr>
<td>Week 2</td>
<td>86</td>
<td>17%</td>
<td>14%</td>
</tr>
<tr>
<td>Week 3</td>
<td>72</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>Week 4</td>
<td>59</td>
<td>14%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Please help us to understand how the re-opening of your salon company has been by responding to the following questions!

**Retail to Service (RTS)**

Industry Average (Pre COVID-19) • 9% Non-Summit • 15% Summit
Please help us to understand how the re-opening of your salon company has been by responding to the following questions!

**REBOOK %**

<table>
<thead>
<tr>
<th>Period</th>
<th>Respondents</th>
<th>Mean</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 1</td>
<td>89</td>
<td>66%</td>
<td>68%</td>
</tr>
<tr>
<td>Week 2</td>
<td>75</td>
<td>64%</td>
<td>64%</td>
</tr>
<tr>
<td>Week 3</td>
<td>64</td>
<td>60%</td>
<td>60%</td>
</tr>
<tr>
<td>Week 4</td>
<td>52</td>
<td>59%</td>
<td>57%</td>
</tr>
</tbody>
</table>

INDUSTRY AVERAGE (PRE COVID-19) • 35% NON-SUMMIT • 50% SUMMIT
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REBOOK / RETAIL PROMOTION

RESERVE 2 FUTURE VISITS
ENJOY 20% OFF YOUR TAKE-HOME CARE

RESERVE 1 FUTURE VISIT
ENJOY 10% OFF YOUR TAKE-HOME CARE
Observations

1. Knowledge Management
   • Reduce Consultation Time
   • Proper Scheduling
   • Additional Services
   • Retail On-Demand

Conclusions

Keep it Going!
Please upload 2-3 hair selfies so the stylist can assess how much time will be needed for the service. For the best results, please capture your photos facing a window.

Please take pictures facing a window during daytime. Pictures to include: forward facing picture, a picture from the back, and a picture of your root area.

Is there anything we can do for you BEFORE we reopen or during your visit?
COVID COMMUNICATION

OBSERVATIONS

1. BE PREPARED
   - Zoom Salon Meetings
   - 1:1 Coaching (virtual)
   - Covid-19 Preparedness

CONCLUSIONS

Messaging to staff and clients should be attorney reviewed, pre-scripted, and ready to deploy.
2020 HOLIDAY KITS

OBSERVATIONS

1. Order on a budget
   • 9% of current guest count x 2 months

2. Capture the “non-shopper”
   • Convenience factor

3. Enhance the Guest Experience
   • Sense of “normalcy”

CONCLUSIONS

Use your website and social media channels to promote the holiday kits. Early is better!
E-COMMERCE / CURBSIDE

OBSERVATIONS

1. Retail reach is not limited to in-salon visit
2. Ease of shopping
3. Salon Sales Consultant partnership
   • Reach out to your sales consultant for ideas/benchmarks to keep the retail conversation at the forefront

CONCLUSIONS

Manage website updates as capital investment if incorporating a complete redesign/e-commerce.
CALL TO ACTION – Email Coaches@SummitSalon.com

1. California Salons
   • Complimentary virtual consult
2. Need a Sales Plan or Cash Plan?
3. PPP Loan Forgiveness Guidance – Stay tuned for additional information from our partners at Boyum.
CALL TO ACTION – Email Coaches@SummitSalon.com

4. 2020 Summit Programs
   • Send an email and enter to win a complimentary registration!

Omaha | Tacoma | Columbus | Tampa | Raleigh | Atlanta | King of Prussia | Canada

www.SummitSalon.com
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SUMMIT ATTENDEE PROCEDURES

SAFETY & SANITATION

1. Masks are to be worn at ALL TIMES.
2. People who come together, sit together.
3. Salon companies will sit SIX FEET from each other.
4. No buffet food (open food) will be provided.
5. Light prepackaged breakfast, bottled water, and coffee will be available.
CALL TO ACTION – Email Coaches@SummitSalon.com

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