

Mobile Hair Salon Business

Business Plans Handbook

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Full Text:

Mobile Hair Salon Business

MostlyKids Hair Styles Inc.

5821 Cunningham Ave.
High Point, WI 53000

Paul Greenland

MostlyKids Hair Styles is a full-service mobile hair salon specializing in serving children and busy moms.

EXECUTIVE SUMMARY

MostlyKids Hair Styles is a full-service mobile hair salon specializing in serving children and busy moms. Owned by hairstylist Tina Parker, the business provides an innovative solution to busy families by bringing a regularly needed service directly to their homes. By taking a mobile approach and offering flexible hours, MostlyKids Hair Styles saves customers valuable time compared to traditional brick-and-mortar hair salons. Additionally, the business also is a helpful option for individuals with short-term or permanent disabilities, for whom traveling to a traditional hair salon is inconvenient, difficult, or impossible. By adhering to a mobile business model, Tina Parker is able to establish a new business without the overhead of a traditional salon, including mortgage/rent payments, utilities, and property taxes.

INDUSTRY ANALYSIS

According to the U.S. Bureau of Labor Statistics (BLS), 13 percent annual employment growth is projected for hairdressers, hairstylists, and cosmetologists from 2012 to 2022 (about as fast as the average for all occupations). Among the factors contributing to job growth is rising demand for services such as hair straightening and coloring, as well as other "deluxe" services. Nationwide, the BLS expects that employment will increase from 611,200 in 2012 to 688,700 in 2022. Many hairdressers and cosmetologists are self-employed and work irregular hours (e.g., evenings and weekends), when it is most convenient for their customers. The industry is represented by national associations, such as the National-Interstate Council of State Boards of Cosmetology and the Professional Beauty Association.

MARKET ANALYSIS

MostlyKids Hair Styles is located in the affluent Milwaukee suburb of High Point, Wisconsin. According to market data from LRC Research Associates, the community was home to 61,265 people in 2014. This figure essentially was expected to remain steady through 2019, with nominal growth projected. In 2014 approximately 20 percent of the population was under the age of 12 (the business' primary

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target market). Specifically, individuals aged 0 to 4 accounted for 5.5 percent of the population, while those in the 5 to 14 age category accounted for 14.5 percent.

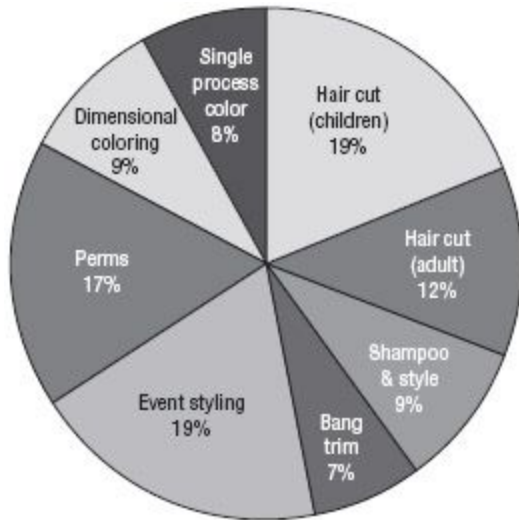
MostlyKids Hair Styles will target its marketing initiatives toward households with income of \$50,000 or more. In 2014 the largest household income segment (19.6%) was the \$50,000 to \$74,999 category. Next were households with income between \$75,000 and \$99,999 (15.3%), \$100,000 to \$149,999 (12.7%), and more than \$150,000 (6%).

SERVICES

MostlyKids Hair Styles will offer the following services:

- Hair Cut (children under 12) \$20-\$30
- Hair Cut (adult women) \$35-\$75
- Shampoo & Style \$25
- Bang trim \$15
- Event Styling \$50
- Perms \$70
- Dimensional Coloring \$75
- Single Process Color \$65

On a percentage basis, Tina Parker anticipates that sales will break down by category as follows:



Service Area

Services typically will be provided in a 25-mile radius surrounding the community of High Point, although exceptions will be made in special cases.

Payment

Tina Parker will require customers to provide notice of any cancellations within two hours of their scheduled appointment time. Otherwise, they may be subject to a \$15 cancellation fee (at her discretion). Acceptable payment methods will include cash, check, and debit/credit card. Tina Parker will utilize a service that enables her to swipe debit/credit cards using her mobile phone. She will track expenses and appointments utilizing a free mobile app that synchronizes with her accounting software.

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PERSONNEL

Tina Parker (Owner)

MostlyKids Hair Styles is owned by Tina Parker, who holds an Associate of Cosmetology degree from High Point Community College. While pursuing her degree, Parker received intensive education and training pertaining to cutting and styling hair, as well as salon management, state regulations, and health and safety. Tina Parker's sister, Monica, was the inspiration for the establishment of MostlyKids Hair Styles. A busy stay-at-home mom with four children, Monica was constantly seeking ways to meet the needs of her large family. Balancing family commitments, school responsibilities, and sporting activities was challenging. Adding other appointments to the mix made things even more difficult. Understanding that other families faced similar challenges, Tina decided to establish a business that provides a regularly needed service in a convenient way.

Professional & Advisory Support

Tina Parker incorporated her business using a popular online legal document service, allowing her to save on attorney costs since her business needs were very straightforward. MostlyKids Hair Styles has established a commercial checking account with High Point Community Bank, along with a merchant account for accepting credit card payments. Tax advisory services are provided by High Point Accounting Services.

GROWTH STRATEGY

Tina Parker will begin her business on a part-time basis. She has established weekly targets for the first three years of operations, pertaining to each of the different services that MostlyKids Hair Styles will provide. These are outlined in the following tables:

Year one:

| Service | Fee | Weekly volume | Annual volume | Weekly revenue | Annual revenue |
|------------------------------|------|---------------|---------------|----------------|-----------------|
| Hair cut (children under 12) | \$25 | 6 | 550 | \$150 | \$ 7,500 |
| Hair cut (adult women) | \$50 | 2 | 200 | \$100 | \$ 5,000 |
| Shampoo & style | \$25 | 3 | 250 | \$ 75 | \$ 3,750 |
| Bang trim | \$15 | 4 | 300 | \$ 60 | \$ 3,000 |
| Event styling | \$50 | 3 | 300 | \$150 | \$ 7,500 |
| Perms | \$70 | 2 | 200 | \$140 | \$ 7,000 |
| Dimensional coloring | \$75 | 1 | 100 | \$ 75 | \$ 3,750 |
| Single process color | \$65 | 1 | 100 | \$ 65 | \$ 3,250 |
| | | | | \$815 | \$40,750 |

Year two:

| Service | Fee | Weekly volume | Annual volume | Weekly revenue | Annual revenue |
|------------------------------|------|---------------|---------------|----------------|-----------------|
| Hair cut (children under 12) | \$25 | 10 | 950 | \$ 250 | \$12,500 |
| Hair cut (adult women) | \$50 | 4 | 400 | \$ 200 | \$10,000 |
| Shampoo & style | \$25 | 5 | 450 | \$ 125 | \$ 6,250 |
| Bang trim | \$15 | 6 | 500 | \$ 90 | \$ 4,500 |
| Event styling | \$50 | 4 | 400 | \$ 200 | \$10,000 |
| Perms | \$70 | 3 | 300 | \$ 210 | \$10,500 |
| Dimensional coloring | \$75 | 2 | 200 | \$ 150 | \$ 7,500 |
| Single process color | \$65 | 2 | 200 | \$ 130 | \$ 6,500 |
| | | | | \$1,355 | \$67,750 |

Year three:

| Service | Fee | Weekly volume | Annual volume | Weekly revenue | Annual revenue |
|------------------------------|------|---------------|---------------|----------------|-----------------|
| Hair cut (children under 12) | \$25 | 15 | 1,400 | \$ 375 | \$18,750 |
| Hair cut (adult women) | \$50 | 6 | 550 | \$ 300 | \$15,000 |
| Shampoo & style | \$25 | 7 | 600 | \$ 175 | \$ 8,750 |
| Bang trim | \$15 | 6 | 500 | \$ 90 | \$ 4,500 |
| Event styling | \$50 | 4 | 400 | \$ 200 | \$10,000 |
| Perms | \$70 | 5 | 450 | \$ 350 | \$17,500 |
| Dimensional coloring | \$75 | 3 | 300 | \$ 225 | \$11,250 |
| Single process color | \$65 | 3 | 250 | \$ 195 | \$ 9,750 |
| | | | | \$1,910 | \$95,500 |

OPERATIONS

Equipment

Tina Parker will begin operations with most of the supplies that she will need, as they were obtained prior to her beginning cosmetology school. These items, which cost approximately \$300 in all, include:

- 2000-Watt Professional Hair Dryer
- 3/4" Professional Curling Iron
- Professional Hair Straightening Iron
- Universal Hair Dryer Diffuser
- Stylist Apron
- Shampoo Cape
- Styling Cape
- 5 1/2" Cutting Shears
- 6" 28 Tooth Thinner
- 5 1/2" Hair Shaper
- Large Paddle Hair Brush
- Styling Brush
- Oval Paddle Brush
- Vented Round Brush
- Hair Combs (assorted types/sizes)
- Clips Assortment (e.g., bobby pins, gator clips, duck bill clips, butterfly clips, etc.)
- Perm Rods (assorted sizes)
- Rollers (assorted sizes)
- Spray Bottle

Tina will need to buy several items (from personal savings) before she can begin operations. These items include:

- Salon Stool \$35
- Portable/Adjustable Shampoo Basin/Hair Treatment Bowl \$60
- Portable Stylist Case (aluminum) \$75 (features include wheels and telescoping handle, mirror, storage compartments, extendable trays, and tool pouches)

Inventory

Tina Parker will need to purchase an initial inventory of professional hair products (e.g., shampoo, conditioner, hair coloring, etc.). She has identified a supplier from which she can purchase the items at wholesale by providing her beautician's license. Parker will spend approximately \$500 for her initial inventory, which will be stored in dedicated space within her home.

Location

As a mobile business, MostlyKids Hair Styles will conduct the majority of its operations in other peoples' homes. However, Tina Parker will maintain a home office at 5821 Cunningham Ave. in High Point, Wisconsin, along with dedicated space for inventory storage.

MARKETING & SALES

MostlyKids Hair Styles has developed a cost-effective marketing plan that includes the following primary tactics:

1. **Web Site:** MostlyKids Hair Styles has developed a basic Web site (using templates and e-commerce modules from a popular Web site service) that provides key information about the business, including services provided, rates, policies, and contact information. Additionally, customers have the ability to schedule services (using an online calendar that shows Tina Parker's availability), pre-pay for services if desired, and sign up for automated e-mail/SMS text appointment reminders. Links will be provided to the business' Facebook and Instagram pages, and the site also will include testimonials and a photo gallery showcasing examples of Tina Parker's work.
2. **Promotional Flier:** A four-color flier, targeted toward parents of young children, has been developed. This printed piece can be left behind or posted at various public places. A local copy center will design and print the fliers.
3. **Word-of-Mouth Marketing:** MostlyKids Hair Styles will rely heavily upon word-of-mouth to promote the business. To encourage referrals among family and friends, Tina Parker will provide customers with a 50 percent discount on their next haircut for every referral she receives.
4. **Vehicle Graphics:** Tina Parker has made arrangements to have magnetic vehicle graphics produced at a nominal cost, allowing her to promote MostlyKids Hair Styles while driving around town and providing a free source of mobile marketing.
5. **Magnetic Business Cards:** Affordable magnetic business cards have been ordered from a promotional products company, providing MostlyKids Hair Styles with an excellent "leave behind" for existing and prospective customers.
6. **Social Media:** A presence on Facebook and Instagram, to connect with prospective customers via social media and showcase (with clients' permission) examples of haircuts and hairstyling done by Tina Parker.

Tina Parker will evaluate this plan on a quarterly basis during her first year of operations and semiannually thereafter.

LEGAL

Local & State Licensure

Tina Parker has met all of the Wisconsin Department of Safety and Professional Services' requirements for operating a cosmetology business in her home state, including graduation from both high school and a licensed cosmetology program involving at least 1,550 training hours. Additionally, she has registered her new business in Wakefield County, and also with the Wisconsin Department of Revenue.

Insurance Coverage

Tina Parker has secured both professional (errors and omissions) and general liability insurance for MostlyKids Hair Styles. This type of insurance provides her with protection in the event that

she is sued for accidentally harming a customer or damaging their hair.

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FINANCIAL ANALYSIS

MostlyKids Hair Styles has prepared a complete set of pro forma financial statements, which are available upon request. The following table provides an overview of key projections for years one through three:

| | 2015 | 2016 | 2017 |
|------------------------------|-----------------|-----------------|-----------------|
| Sales | | | |
| Hair care | \$40,750 | \$67,750 | \$95,500 |
| Retail | \$ 5,000 | \$ 5,500 | \$ 6,000 |
| Cost of goods sold | -\$ 2,750 | -\$ 3,025 | -\$ 3,300 |
| Net sales | \$43,000 | \$70,225 | \$98,200 |
| Expenses | | | |
| Salary | \$25,375 | \$38,875 | \$52,750 |
| Payroll taxes | \$ 3,056 | \$ 5,081 | \$ 7,163 |
| Supplies | \$ 2,038 | \$ 3,388 | \$ 4,775 |
| Gas | \$ 3,000 | \$ 3,300 | \$ 3,600 |
| Marketing | \$ 2,446 | \$ 4,066 | \$ 5,730 |
| Business insurance | \$ 750 | \$ 850 | \$ 950 |
| Equipment | \$ 500 | \$ 500 | \$ 500 |
| Mobile phone | \$ 1,200 | \$ 1,200 | \$ 1,200 |
| Miscellaneous | \$ 250 | \$ 250 | \$ 250 |
| Total operating costs | \$38,615 | \$57,510 | \$76,918 |
| Net profit/loss | \$ 4,385 | \$12,715 | \$21,282 |

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