THE MODERN SALON SERIES
Book 5 of 5

KPIS · PRICING · PROFITABILITY

The Salon *Numbers* Book

The plain-English guide to the eight numbers that decide whether your salon is healthy — and what to do when they're not.

- The 8-Number Dashboard — one sheet, every Tuesday
- Cost per service: the real math, not the estimate
- Which services make money and which quietly don't
- How to raise prices without losing clients
- Balance sheet literacy for non-finance owners
- A savings system that protects you before you need it

Kate Harlow

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THE MODERN SALON SERIES · BOOK 5 OF 5

The Salon Numbers Book

KPIs, Pricing, and Profitability for Owners Who Don't Speak Finance

KATE HARLOW

> *For the owner who built something real and still*
> *can't explain where the money goes.*
> *These pages change that.*

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The frameworks and figures in this book are illustrative. Your salon's numbers will differ. Nothing in this book constitutes accounting, tax, or financial advice. Consult a qualified accountant in your jurisdiction before making financial decisions.

Contents

INTRODUCTION

Numbers Don't Lie, But Your Dashboard Does

Sunita has been running her salon in Pune for two years.

The business is growing. Revenue is up forty per cent year-on-year — she can see it in the numbers. New clients are coming in, the team has expanded from three to seven stylists, and she's opened a second treatment room. She works eleven-hour days and rarely takes a full day off, but she tells herself this is what growth feels like.

Then her accountant calls.

The figure he quotes — the amount left over after wages, rent, suppliers, and utilities — is smaller than what she expected by a significant margin. Not disastrously small. Not an emergency. But small enough that she does some quick arithmetic in her head and realises: after two years of a forty-per-cent revenue increase, she's earning less per hour of her own time than she did in year one when the salon had three stylists and half the headaches.

She asks the accountant what's going on.

"You're growing too fast without measuring the right things," he tells her. "Your revenue is up, but your cost per service has crept up too. Your margins haven't improved because you haven't raised prices in eighteen months. And your inventory spend has almost doubled, but your retail sales haven't moved."

Sunita opens her salon software that evening and looks at the dashboard. It shows her revenue, today's appointments, and a graph of bookings this month versus last month. Nothing else. She closes the tab.

She doesn't have the information she needs. She hasn't had it for two years. And nobody — not her software, not her bank, not her accountant — has shown her what information to ask for.

This is the book I wish Sunita had read in year one.

It's not a book about accounting. It's not about becoming a finance person. You don't need to understand debits and credits, and you don't need to hire a consultant.

What you need is eleven numbers.

Eleven numbers — eight that describe the health of your business right now, and three more that help you plan where it's going. If you check those eleven numbers consistently, in the right order, on a predictable schedule, you will know whether your salon is healthy. You'll know *before* your accountant calls. You'll know before the panic sets in.

Most salon owners don't track eleven numbers. Most track two: revenue and appointment count. Sometimes one.

That's not enough. It never was.

This book will change that.

What this book covers

Part I establishes your baseline. We'll build the 8-Number Dashboard — the eight metrics that describe your salon's real health — and show you how to find each one in your existing software. By the end of Part I, you have a dashboard you can check in fifteen minutes.

Part II goes under the hood. Cost per service. Service-level profitability. Inventory and product margin. These are the numbers hiding inside the revenue number, and they're usually where the surprises live.

Part III is about action. The 5-step price increase. Reading your salon software's reports critically (they're often showing you the wrong thing). The cash flow calendar that explains why you sometimes run tight even when bookings are strong.

Part IV is the long game. The annual planning cycle. When you actually need an accountant, and how to brief them so you get what you pay for.

Every chapter has a download — a spreadsheet or template that does the heavy lifting so you can focus on the decisions, not the formulas.

A note before we start

Everything in this book works for salons at every scale — from a solo booth-renter tracking their own numbers to a multi-location owner managing a team of twenty. Where the numbers differ between the US and India, I'll say so. Where the tools differ, I'll say that too.

The numbers I'll give you as benchmarks come from real salon data. They are not goals — they are reference points. A healthy rebook rate for a high-end salon in Mumbai might be seventy per cent; for a value-positioned walk-in shop, forty-five per cent might be excellent. Use the benchmarks to calibrate, not to judge.

One more thing: this book assumes you already have a booking system. If you're still running a paper diary, I'll help you get oriented — but my primary audience is the owner already using some kind of POS. Because the problem I've seen most often isn't that owners lack tools. It's that they have the right tools and they're looking at the wrong numbers inside them.

Let's start.

PART I

I

Your Real Numbers

The foundation of salon finance. Eight numbers that determine whether your salon survives, the cost structure behind every service, and how to price for profit rather than hope.

> *The eight metrics that tell you whether your salon is healthy — and how to find them.*

Chapter 1: The 8-Number Dashboard

> *The tool you should have had from day one.*

Maria opened her salon in Toronto seven years ago and ran it successfully for four of them before the pandemic forced a painful rebuild. When she came back, she decided to change how she managed the business. "I realised I'd been flying on feel for four years," she told me. "I thought I was busy, thought I was profitable, and then when everything stopped, I couldn't tell you where the money had actually gone."

What Maria built — painstakingly, over six months, mostly through trial and error — is what I'll give you in this chapter in about an hour.

The 8-Number Dashboard is not a complex tool. It's a single sheet with eight metrics, a weekly check-in of fifteen minutes, and a monthly review of thirty. What it gives you is situational awareness: at any point in time, you know whether your salon is moving in the right direction.

The eight numbers are:

1. **Rebook rate** — the percentage of clients who rebook at checkout
2. **Average ticket** — average revenue per appointment (not per client, per visit)
3. **Capacity utilisation** — booked hours as a percentage of available hours
4. **Revenue per available hour (RevPAH)** — the single best measure of chair productivity
5. **Cost per service (CPS)** — true all-in cost to deliver your most common services
6. **Gross margin by service category** — which service types are actually profitable
7. **Retail attachment rate** — percentage of appointments that include a retail purchase
8. **Client acquisition cost (CAC)** — what you actually spend to get a new client through the door

You'll notice this list is different from what your POS software shows you by default. Your software dashboard probably shows revenue, bookings today, and a revenue-versus-last-month graph. Those three tell you what happened. The eight numbers above tell you *why* it happened and what to do about it.

Let's go through each one.

NUMBER 1: REBOOK RATE

Definition: The percentage of clients who book their next appointment before leaving (or within 48 hours of leaving).

How to calculate it: New rebookings this week ÷ total appointments completed this week × 100.

Healthy range: 55–75% for a general-service salon; 70%+ for a colour-heavy salon where interval management is critical.

Why it matters: A client who leaves without a booking is likely to drift. A client who leaves with one comes back on schedule. The compounding effect is enormous: a salon at 70% rebook rate versus 50% rebook rate, with 100 appointments per week, has 20 more confirmed future bookings generating revenue. Over a year, that difference is worth hundreds of thousands of rupees or tens of thousands of dollars in recurring revenue that doesn't require a single new client to acquire.

Where to find it in your POS: Look for "rebooking rate" or "advance bookings at checkout" in your reports. In Fresha: Reports > Client Retention > Rebook Rate. In Vagaro: Reports > Client Retention. In Zenoti: Reports > Loyalty & Retention. In MioSalon: Reports > Retention Analysis.

If your software doesn't track it explicitly, you can calculate it manually by comparing this week's total completed appointments against appointments booked during the same period with a future date.

India note: Rebook rate in Indian salons is typically lower (35–50%) than in Western markets because spontaneous visit patterns are more common, particularly in tier-2 cities. This is not a fixed cultural constraint — it's an opportunity. Every percentage point of rebook rate improvement converts to recurring revenue without acquisition cost.

NUMBER 2: AVERAGE TICKET

Definition: Total revenue ÷ total appointments completed. Not per client — per visit.

How to calculate it: Revenue for the period ÷ number of completed appointments in the same period.

Healthy range: Varies dramatically by market and positioning. India mid-market: ₹800–₹1,800. India premium: ₹2,000–₹5,000. US standard: $50–$90. US premium: $90–$180.

Why it matters: A ₹100 increase in average ticket across 80 appointments per week is ₹8,000 per week, ₹4,16,000 per year. That's the equivalent of adding a part-time stylist — without hiring anyone, without renting more space, and without acquiring a single new client. Average ticket is the single number with the fastest return on attention.

Where to find it in your POS: Most systems report this directly. Fresha: Reports > Financial > Average Sale. Vagaro: Reports > Summary > Average Ticket. The tricky part: make sure your POS is calculating this as completed transactions, not invoiced amounts. Cancellations and no-shows should not appear in the denominator.

Track it per stylist, not just per salon. The salon-level average hides enormous variation. A senior colourist doing full-head balayage at ₹4,500 average sits in the same pool as an assistant doing blow-dries at ₹600. Knowing each stylist's average ticket lets you have very different, very targeted conversations.

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NUMBER 3: CAPACITY UTILISATION

Definition: Booked revenue-generating hours ÷ available revenue-generating hours × 100.

How to calculate it: Sum all appointment service minutes completed this week ÷ sum of all scheduled working hours × 60 × 100.

Healthy range: 65–80% for a general salon in steady-state operation. Above 85% for extended periods is a signal to hire. Below 55% for more than a month is a signal to diagnose (pricing, marketing, new client pipeline, team capability).

Why it matters: Capacity utilisation is the answer to the question: "How busy are we, really?" A salon that feels frantic can still be running at 60% utilisation if there are gaps, late starts, and early finishes scattered throughout the day. The number cuts through perception.

The RevPAH connection: Capacity utilisation tells you how full the chair is. Revenue per available hour tells you whether you're filling it with the right work. A 70% utilisation on high-value colour appointments is better than 85% utilisation on low-margin blow-dries.

Where to find it in your POS: This is where most software gets it wrong. Fresha's "utilisation" figure, for example, includes booked time even if the appointment was a no-show or cancellation. Always look for "completed appointments" specifically, not "booked." The calculation above requires a bit of manual work once a week, but it takes five minutes.

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NUMBER 4: REVENUE PER AVAILABLE HOUR (REVPAH)

Definition: Total revenue ÷ total scheduled staff hours for the period.

How to calculate it: Weekly revenue ÷ total stylist hours scheduled this week.

Healthy range: India: ₹500–₹1,200 per available hour depending on positioning. US: $30–$80.

Why it matters: RevPAH is the best single measure of chair productivity because it accounts for both utilisation and ticket size simultaneously. A stylist who is booked solid on low-ticket services has a lower RevPAH than a stylist who works four days a week but charges premium rates. The metric answers the question that average ticket alone can't: "Is this chair making money relative to its cost?"

The hiring signal: When your salon-level RevPAH rises above the upper healthy range for two or three consecutive months, you've built a waitlist. That's when to hire. When it drops below the lower bound for more than six weeks, diagnose before adding headcount.

NUMBER 5: COST PER SERVICE (CPS)

Definition: The true all-in cost to deliver a service: direct product + direct labour time + allocated overhead per service hour.

This number gets its own chapter (Chapter 4) because the calculation matters enormously and most owners have never done it. For now, know that it exists and that your gut feeling about cost per service is almost always 30–50% too low.

NUMBER 6: GROSS MARGIN BY SERVICE CATEGORY

Definition: (Revenue from service category − direct costs for that category) ÷ Revenue from service category × 100.

This too gets its own chapter (Chapter 5). The short version: colour services almost always look like your best revenue category and turn out to have lower margins than you expect. Haircuts often punch above their weight. Retail is frequently your highest-margin category in the building.

NUMBER 7: RETAIL ATTACHMENT RATE

Definition: The percentage of service appointments that include at least one retail product purchase.

How to calculate it: Number of appointments with at least one retail item ÷ total appointments × 100.

Healthy range: India: 15–30%. US: 25–45%. (Indian markets are still developing product retail culture; US benchmarks reflect decades of salon retail behaviour.)

Why it matters: Retail has no appointment time — it generates revenue in the transaction without using a stylist's service minutes. A salon with a 5% retail attachment rate and 100 appointments per week at ₹400 average retail sale is generating ₹2,000 in retail per week. At 20% attachment, that number becomes ₹8,000 — same number of appointments, same number of stylists, same hours.

Where to find it in your POS: Most systems track retail separately. Look for "retail items per appointment" or run a report filtering transactions that include both a service and a retail item.

NUMBER 8: CLIENT ACQUISITION COST (CAC)

Definition: Total marketing and referral spend in a period ÷ number of new clients acquired in the same period.

How to calculate it: Add up everything you spent on new client acquisition: paid ads, promotions, referral incentives, influencer fees, any platform fees for first-time bookings. Divide by the number of new clients who actually walked through the door.

Healthy range: India: ₹150–₹600 per new client. US: $15–$60. These are wide ranges because the right CAC depends entirely on your client lifetime value (LTV). A salon with a ₹2,500 average ticket and 75% rebook rate has a much higher LTV than one at ₹800 and 40% rebook rate — and can therefore afford higher acquisition costs.

The LTV test: If your average new client retention is three years, average ticket is ₹1,200, and they visit every six weeks, their lifetime value is approximately ₹1,200 × 8 visits per year × 3 years = ₹28,800. A ₹400 acquisition cost on a ₹28,800 LTV is extremely reasonable. A ₹400 acquisition cost on an LTV of ₹4,000 (a client who visits twice and leaves) is not.

The most important insight about CAC: The best acquisition channel for most salons has a CAC of zero — it's referrals from existing satisfied clients. Your rebook rate and your service quality are your acquisition strategy. CAC rises when you're under-investing in retention and trying to compensate with paid marketing.

BUILDING YOUR DASHBOARD

> ↓ **Download: 04-8-number-dashboard.xlsx**
> Weekly and monthly tracking sheet with all 8 metrics. Benchmark ranges pre-loaded. Colour-coded for at-a-glance health check. Available at modernsalonowner.com/downloads

The dashboard has two views: weekly and monthly.

The **weekly check** takes fifteen minutes. You enter six numbers — rebook rate, average ticket, utilisation, RevPAH, retail attachment rate, and new clients acquired — and the sheet calculates the composite. The weekly snapshot tells you whether this week was better or worse than the four-week rolling average. You're not chasing daily variation; you're watching the trend.

The **monthly review** takes thirty minutes. You review all eight metrics, compare to the prior month and the prior year's equivalent month. Cost per service and gross margin by category you update quarterly (they move slowly). Client acquisition cost you calculate monthly if you're running paid marketing, quarterly if you're primarily referral-driven.

There is a fifteen-minute weekly habit here that most salon owners will resist because it feels like administrative overhead. It isn't. It's the fifteen minutes that replaces the hour of confusion when something goes wrong and you can't identify the cause.

THE DASHBOARD IN PRACTICE

The 8-Number Dashboard doesn't tell you what to do. It tells you *where to look*. When your average ticket drops for three consecutive weeks, that's a prompt to look at stylist performance or service mix, not a verdict. When your rebook rate suddenly spikes, something good happened — a new team member is particularly good at rebooking, or a promotion is working. The dashboard is a diagnostic tool, not a report card.

Three rules for using it well:

Rule 1: Track trends, not snapshots. A single week of low utilisation means nothing. Six weeks is a pattern. Four-week rolling averages are your friend.

Rule 2: Break it down by stylist. The salon-level dashboard is the starting point. The real intelligence is per-chair: which stylist has a rebook rate of 80%? Which one's average ticket is declining? Those are the conversations your data is asking you to have.

Rule 3: Don't add more metrics. Eight is the right number. More is worse. The value of the dashboard comes from consistency, and consistency requires it to be fast. If it takes forty-five minutes to complete, you'll skip it. Build the habit on eight, not eighteen.

> ↓ **Download: 04-8-number-dashboard.xlsx**
> Includes: weekly tracking tab · monthly summary · per-stylist breakdown template · benchmark range guide
> **modernsalonowner.com/downloads**

Chapter 2: Average Ticket — The One Number That Moves Everything

> *You don't need more clients. You might need more per visit.*

Priya has been a hairdresser for twelve years and a salon owner for four. She's a good operator — organised, client-focused, reliable. But when we worked through her numbers together, there was one thing she couldn't explain.

Her senior stylist, Aisha, was booked four days a week. Her junior stylist, Deepa, was booked five days a week. Deepa was almost always at capacity. Aisha had gaps.

Aisha was generating forty per cent more revenue.

The difference was average ticket. Deepa was booking quickly at lower-ticket services — wash-and-blowdry, basic trims. Aisha worked more slowly, rebooking ahead, doing full colour services. She earned more revenue in four days than Deepa did in five.

Priya had been focused on filling Aisha's gaps rather than on understanding why those gaps were less important than they looked.

Average ticket is the lens that makes this visible.

WHAT AVERAGE TICKET ACTUALLY MEASURES

Average ticket is revenue per appointment, not revenue per client or revenue per hour. It's the cleanest measure of what each seat in your salon is producing.

Track it at three levels:

Salon level — the aggregate, weekly and monthly. This is your headline. It moves relatively slowly, which means big moves (up or down 10%+ in a month) are meaningful signals.

Stylist level — the most actionable breakdown. Your senior stylists should have higher average tickets than your juniors, both because of service capability and because of the ability to add on and retail. If a senior stylist's average ticket is below their junior colleagues, that's a conversation.

Service category level — average ticket for colour appointments, average ticket for cut-only, average ticket for treatments. These move differently, which matters when you're thinking about service mix.

THE THREE DRIVERS OF AVERAGE TICKET

Average ticket can only be moved through three levers: **service mix**, **add-ons**, and **retail**.

Service mix is the most powerful but the slowest. Shifting your appointment mix toward higher-value services — colour, treatments, premium cuts — raises average ticket structurally. This requires hiring decisions, training investment, and menu design. It's a six-to-twelve-month lever, not a weekly one.

Add-ons are faster. A conditioning treatment at ₹400/$8 added to a haircut at ₹800/$20 raises the ticket by fifty per cent without adding booking time. The challenge is consistency: stylists who add-on naturally generate meaningfully higher average tickets than stylists who don't ask.

The simplest add-on system: a short checklist at the consultation stage. "*Would you like to add a deep conditioning treatment today? We're using [product] and it takes ten minutes with the processing time.*" Some clients say yes. A ten per cent yes rate on add-ons at ₹400 each, across 100 appointments per week, is ₹4,000 per week in incremental revenue that requires no new clients, no new staff, no new marketing.

Retail is the highest-leverage add-on because it generates revenue in the invoice without using service time. See Chapter 6 on inventory and product margin for the full story. For average ticket purposes: the discipline is recommendation specificity. "You should use a heat protectant" is not a recommendation. "This is the product I used on your hair today — you're going through two washes before your next visit and your ends will be dry by then without it" is a recommendation. Specific, relevant, and tied to the client's experience in the chair that day.

TRACKING AVERAGE TICKET BY STYLIST

The reason to track by stylist rather than by salon is that the salon average hides the variance that needs managing.

A salon average ticket of ₹1,200 might consist of one stylist at ₹2,400, three stylists at ₹1,000, and two stylists at ₹700. The aggregate looks reasonable. The spread tells a different story.

The stylist at ₹700 might be a junior with appropriate pricing. Or they might be a mid-level stylist who isn't adding on, isn't recommending retail, and is rebooking at the lowest-tier services even when the client would accept a higher-value option.

The framework for reviewing average ticket per stylist monthly:

1. Run the per-stylist average ticket for the month
2. Compare to each stylist's prior 3-month average
3. Flag any stylist whose average ticket has declined more than 10%
4. Look at their service breakdown: is it a mix shift (fewer colour bookings) or a within-category decline (colour tickets down even though colour bookings are stable)?
5. Have the conversation

"Your colour average ticket is down ₹300 from last quarter. I looked at the breakdowns — it looks like you're booking a lot of root touch-ups but not adding toners or glosses. Is there a reason you're not offering those?"

That's a management conversation the dashboard makes possible. Without the number, you're guessing.

THE COMPOUND EFFECT

Average ticket is worth spending time on because its improvement compounds across every appointment in your book.

A ₹200 increase in average ticket (from ₹1,000 to ₹1,200) on 80 appointments per week is ₹16,000 per week — ₹8,32,000 per year. That's without adding a single client, without increasing your marketing budget, and without hiring anyone new.

The equivalent revenue increase from new client acquisition would require roughly 13 new clients per week permanently added to the book (at ₹1,200 average ticket and a 6-week visit interval). Acquiring 13 new clients per week, week after week, requires serious marketing spend. Improving average ticket by ₹200 requires training conversations with your team.

Both are valid strategies. The question is which one you're systematically working on — and most salon owners are working on the acquisition number without the average ticket number, which means they're spending money to bring new clients into a business that isn't fully capitalising on the clients it already has.

THE FLOOR PROBLEM

One more pattern worth naming: the floor problem.

Many salon owners have service prices that haven't been reviewed in eighteen months or more. In that time, their costs have risen — product costs, wages, rent. The prices haven't moved. Average ticket hasn't moved either, even though everything else has.

When average ticket stagnates, the solution isn't always to add on more. Sometimes it's to raise prices. Chapter 7 covers the 5-step price increase in detail. For now: if your average ticket is the same today as it was two years ago, that's a signal worth examining.

> ↓ **Download: 04-average-ticket-tracker.xlsx**
> Weekly per-stylist average ticket analysis · 3-month trend view · add-on and retail breakdown
> **modernsalonowner.com/downloads**

Chapter 3: Capacity Utilisation — The Most-Ignored Number

> *Your salon might be busy and broken at the same time.*

There's a particular kind of exhaustion that salon owners describe when they've been running flat-out for six months and still can't explain why the numbers aren't better. They're tired. The team is tired. The front desk phone doesn't stop. The waiting area is full on

Saturdays.

And yet: the revenue figure doesn't reflect the feeling. The margins aren't what they should be. Something is leaking, and they can't find the hole.

Often, the answer is capacity utilisation — or rather, its absence.

A salon that *feels* fully booked can be running at 60% true utilisation. The feeling of busy comes from the front desk, from the walk-ins, from the volume of WhatsApp pings. The number comes from how many revenue-generating minutes are actually happening versus how many are available.

The gap between the feeling and the number is where the money goes.

WHAT CAPACITY UTILISATION MEASURES

Capacity utilisation is the percentage of your available service time that is actually generating revenue.

Available service time: Total scheduled stylist hours × 60 minutes = total available service minutes per week.

Booked service time: Total minutes of completed service appointments per week. (Not booked and cancelled. Not no-shows. Completed.)

Utilisation: Booked service minutes ÷ available service minutes × 100.

If you have four stylists working an average of 40 hours per week, your available service time is 9,600 minutes. If completed appointments account for 6,200 minutes, your utilisation is 64.6%.

WHAT THE NUMBER TELLS YOU

Below 55%: Something is structurally wrong. Not just slow — you either have too many staff for your current client volume, a serious scheduling problem, or a new-client pipeline issue. Before hiring or opening late nights, diagnose first.

55–70%: Room to grow without adding headcount. Focus on average ticket, add-ons, and rebooking to raise revenue before expanding capacity.

70–80%: Healthy. You have enough buffer for scheduling flexibility, no-shows, and the occasional quiet Tuesday without it becoming a crisis.

80–87%: Strong. You're filling chairs well. Start thinking about whether your pricing reflects the demand.

Above 87% consistently: You have a waitlist problem. You are turning away revenue, which means you either need to hire, expand hours, or — often missed — raise prices until demand drops to a manageable level.

WHY YOUR SOFTWARE IS PROBABLY WRONG

This is important enough to repeat: most salon POS systems report utilisation incorrectly.

The most common error is **including no-shows in booked time**. A client who books a 60-minute colour appointment and doesn't show up has zero revenue against 60 minutes of "booked" time. Including that 60 minutes in the numerator of your utilisation calculation makes your utilisation look higher than it is.

The second common error is **including admin time in available time**. If a stylist's schedule shows 8 hours but includes a mandatory team meeting, a lunch break, and equipment setup, their *service-available* time is closer to 6.5 hours. Using 8 hours in the denominator understates utilisation.

The third common error is **counting consultation time as service time**. A 15-minute standalone consultation is not revenue-generating in most salons. Count it if you charge for it; exclude it if you don't.

To get an accurate utilisation number, pull your completed appointments report for the week and sum the service durations. Then calculate each stylist's service-available hours from their schedule, excluding breaks and admin. The ratio is your true utilisation.

This takes about ten minutes once you've done it twice and built the habit.

UTILISATION AND THE HIRING DECISION

The most consequential decision most salon owners make is hiring. Adding a stylist commits you to wages for months. Getting that decision wrong in either direction is expensive: hire too early and you have idle overhead; hire too late and you have a waitlist that drives clients to competitors.

Utilisation gives you the signal.

The rule: Don't hire until you're consistently above 80% utilisation for at least six to eight weeks. Below that threshold, you don't have a capacity problem. You have a revenue-per-chair problem, and more chairs don't solve it.

The secondary signal: RevPAH (Chapter 1, Number 4). If RevPAH is high and utilisation is high, you've earned the hire. If RevPAH is low and utilisation is high, you might be filling chairs cheaply — the solution is to raise prices or shift service mix before expanding headcount.

Many salon owners I've worked with were operating at 62% utilisation when they hired a new stylist. Within three months they were at 57% utilisation across a larger team, with higher wage overhead, wondering why revenue hadn't followed. The hire hadn't been earned. The capacity wasn't the constraint.

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GAP MANAGEMENT

The underrated component of utilisation improvement is gap management — what happens in the appointment book when a cancellation comes in or a slot doesn't fill.

Unmanaged gaps compound. A 30-minute gap in a stylist's book between appointments doesn't just cost 30 minutes of revenue. If the next client is a full-head colour requiring preparation time, that gap might effectively become 45 minutes because the stylist can't start preparation until the gap is filled (or has already started it to use the time, reducing their flexibility).

The two disciplines:

Same-day messaging: When a cancellation comes in, who is responsible for filling it? In most salons, the answer is "no one specific," which means it often stays empty. Designating a front-desk or senior person as same-day-gap owner, with authority to offer a discounted slot to the waitlist, lifts utilisation measurably.

Waitlist management: A maintained waitlist is worth its weight in productive time. A client who is genuinely eager to get in sooner will come in on a Thursday afternoon at short notice if they're asked. Most salons have these clients — they just haven't systematised the ask.

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THE SEASONALITY ADJUSTMENT

Utilisation is not flat through the year.

Every salon has peak weeks (pre-wedding season, festival season, school holiday periods, Christmas/New Year) and trough weeks (January, post-festival drops, certain school-year periods). A utilisation average across the whole year can hide the fact that you're running at 90% in peak and 45% in trough.

The planning implication: don't staff for peak. Staff for your typical week and manage peak through pricing, waitlists, and extended hours. Chapter 10 covers the annual planning cycle — for now, the principle is that hiring permanent headcount to cover peak periods is rarely justified unless your trough periods are also strong.

CONNECTING THE THREE NUMBERS

Rebook rate, average ticket, and capacity utilisation are the first three legs of your dashboard, and they interact.

A high rebook rate fills the appointment book, which improves utilisation. A high average ticket means each filled appointment generates more revenue, which improves RevPAH. A well-utilised salon with a high average ticket is a profitable salon, almost by definition — the question is just whether your costs (Chapter 4) have kept up with that revenue.

These three numbers together describe the top half of your income statement: how much revenue you're generating and how efficiently you're generating it.

The next three chapters describe the bottom half: where the money actually goes.

> ↓ **Download: 04-capacity-utilisation-calculator.xlsx**
> Weekly completed-appointment log · gap analysis · utilisation by stylist · hiring-signal indicator
> **modernsalonowner.com/downloads**

> *[End of File 1: Intro + Part I · Chapters 1–3]*

PART II

II

Where the Money Goes

Managing the money in motion. How to read your own profit and loss, build a budget that doesn't lie, and use cash flow forecasting to stop being ambushed by slow months.

> *Cost per service, service-level profitability, and the inventory margin most owners leave on the table.*

Chapter 4: Cost Per Service — The Real Math

> *Your gut feeling about what a service costs is probably 30–50% too low.*

Nadia has been doing balayage for eight years. She's confident in her pricing — she's checked competitor rates in her area and she's within range. Her colour menu is her primary revenue driver.

When we sat down and actually calculated her cost per service for a full-head balayage, she went quiet.

She'd been estimating product cost at ₹400 per service — colour, developer, foils. The real figure, when we included product cost properly, was ₹620. But then we added her labour cost — her time at her effective hourly rate — and the allocated overhead per service hour (rent, utilities, insurance, POS fees, towels and laundry, the receptionist's wages allocated per service hour).

Her true cost per service was ₹1,480. Her menu price was ₹2,400.

The margin wasn't bad — she was making ₹920 per service before tax, roughly 38%. But she'd thought she was making ₹2,000 per service. She'd been mentally spending the difference that didn't exist.

This happens in nearly every salon. Not because owners are careless — because nobody shows them how to do the calculation.

THE THREE COMPONENTS OF TRUE COST PER SERVICE

A complete cost-per-service calculation has three parts: **direct product**, **direct labour**, and **allocated overhead**.

Direct product is what most owners track: the colour, developer, foils, toner, gloves, and any other consumables specific to this service. This is usually the most accurately estimated component — and even here, most estimates are 20–30% too low because they don't account for product over-use, waste, and the occasional re-do.

Formula: Cost of materials actually used per service, including waste factor. For colour services, a reasonable waste factor is 10–15%. A ₹500 product cost estimate with a 12% waste factor becomes ₹560.

Direct labour is the cost of the stylist's time per service. This sounds simple but isn't — because the cost isn't the hourly rate the stylist is paid. It's the *total employment cost* of the stylist's time.

Formula: (Annual wage + employer PF/NPS contributions + employer ESI contribution + any bonuses or commissions) ÷ 52 weeks ÷ weekly service hours = true cost per service hour.

If a stylist earns ₹24,000/month in wages, plus ₹1,200/month employer PF contribution, their true employment cost is ₹25,200/month or ₹302,400/year. If they work 35 service hours per week across 48 working weeks, that's 1,680 service hours per year. Their true cost per service hour is ₹302,400 ÷ 1,680 = ₹180/hour.

A 3-hour balayage appointment at ₹180/hour labour cost = ₹540 direct labour.

For US salon owners: include FICA employer contribution (7.65%), state unemployment insurance, workers' compensation, and any employer-paid benefits. A $16/hour stylist costs $20–$22/hour in true employment cost.

Allocated overhead is the portion of your fixed and semi-fixed costs that should be attributed to each service hour delivered. These are the costs that exist whether any specific appointment happens or not: rent, utilities, internet, insurance, equipment depreciation, POS subscription, laundry, and receptionist wages.

Formula: Monthly fixed overhead ÷ monthly service hours delivered = overhead per service hour.

If your monthly overhead (excluding direct payroll) is ₹85,000 and you deliver 600 service hours per month, your overhead allocation is ₹142 per service hour.

> *Putting it together for a 3-hour balayage:*

COMPONENT	AMOUNT
Direct product (with waste)	₹620
Direct labour (₹180/hr × 3 hrs)	₹540
Overhead allocation (₹142/hr × 3 hrs)	₹426
True cost per service	**₹1,586**
Menu price	₹2,400
Gross margin	**₹814 (34%)**

A 34% gross margin is acceptable for a colour service. Not great — haircuts typically run 45–55% because they require less product — but acceptable.

The useful question is not "is this margin good?" but "what does this margin mean for my decisions?" If your balayage margin is 34%, a 10% price increase raises your margin to 42%. A 15% price increase raises it to 47%. The modelling informs the pricing decision. Without the cost calculation, the pricing decision is just instinct.

◆

THE SERVICES THAT SURPRISE YOU

When salon owners run cost-per-service calculations for the first time, three patterns almost always appear.

Pattern 1: Colour services are more expensive than expected. Long appointment times, high product costs, and the product waste of colour mixing all compound. A three-hour colour appointment allocates three hours of overhead, not one. This doesn't mean colour is unprofitable — it usually is — but the margin is thinner than it feels.

Pattern 2: Short high-frequency services are strong. A blow-dry that takes 45 minutes, uses ₹30 in product, and costs ₹135 in labour and overhead has a very different margin profile than a colour appointment. The margin per service hour might be comparable to colour, with far less material risk and time uncertainty.

Pattern 3: Add-on treatments often have very high margins. A conditioning treatment that costs ₹60 in product and adds 15 minutes to an existing appointment (during processing time when the stylist isn't actively engaged) allocates minimal labour and overhead cost. At a ₹350 service price, that's an 83% gross margin. This is why add-on services are worth pushing — not just for average ticket, but because the margin profile is often the best in the building.

◆

RUNNING THE CALCULATION

You don't need to calculate cost per service for every item on your menu. Start with your five highest-revenue services. These typically account for 70–80% of your revenue, so getting their margins right matters most.

↓ **Download: 04-cost-per-service-calculator.xlsx**
Pre-built calculation with three components · automatic waste factor · per-stylist cost variation tab
modernsalonowner.com/downloads

The spreadsheet walks you through the inputs for each service and returns the true cost, margin amount, and margin percentage. Run it once a quarter for your top-five services, more often if your cost inputs change materially (a supplier price increase, a wage review, a rent increase).

◆

THE PRICING FEEDBACK LOOP

Cost per service isn't just a financial exercise. It's a pricing tool.

Once you know your margin on each service, you can model the effect of price changes before you make them. A service with a 28% gross margin and a 5% price increase becomes a 31% gross margin service — not transformative, but meaningful at scale. A service with a 42% margin and a 10% price increase becomes 47% — that's the service you increase first.

Chapter 7 covers the full price increase process. The cost-per-service calculation is the prerequisite. You should never raise prices on a service you haven't modelled first.

◆

Chapter 5: Service-Level P&L — Which Services Are Making Money

The answer will surprise you.

◆

Your salon has a service menu. Some items on that menu make money. Some items lose money when you account for true costs. Most items are somewhere in between, and the ones you *think* are your strongest performers are often not.

Building a service-level profit and loss statement — a P&L by service category — is the single most useful financial exercise a salon owner can do. It takes an afternoon to build and about thirty minutes to maintain monthly. What it gives you is a clear view of where your profit actually comes from.

◆

THE SERVICE CATEGORIES

Group your services into five to seven categories. A typical structure:

CATEGORY	EXAMPLE SERVICES
Colour — full	Balayage, highlights, full colour, global colour
Colour — partial	Root touch-up, glossing, toner
Cuts — women	Women's haircut, trim, restyle
Cuts — men	Men's cut, clipper cut, beard
Blowouts & styling	Blowdry, styling, updos, blowouts
Treatments	Conditioning, Olaplex, scalp treatments, keratin
Retail	Products sold at point of sale

Adjust for your salon's actual menu. If keratin treatments are a significant revenue stream, they deserve their own category. If men's services are a small share of your book, combine them with a broader "cuts" category.

BUILDING THE P&L

For each category, you need three numbers: **revenue**, **direct costs** (product), and **labour cost**.

Revenue: Run your POS report for the period (use a full month) and filter by service category. This is usually the easiest number to find — it's a standard report in most salon software.

Direct product cost: For each category, estimate the average product cost per service based on your cost-per-service calculations from Chapter 4. Multiply by the number of services delivered in the category. If you have detailed product usage data from your POS (some systems track this), use that instead.

Labour cost: Use the same formula as Chapter 4. Average service time per category × number of services × cost per service minute for the relevant stylist tier.

The P&L for each category then looks like:

Revenue from category:	₹X
Less: Direct product cost:	₹Y
Less: Direct labour:	₹Z
Gross profit:	₹(X − Y − Z)
Gross margin %:	(X − Y − Z) / X × 100

Overhead is not allocated at the category level in a simple P&L — it's covered at the salon level. The category P&L shows contribution margin: how much each category contributes toward covering overhead and generating net profit.

WHAT THE NUMBERS USUALLY SHOW

When salon owners run this for the first time, the typical findings are:

Colour — full generates the most revenue but has the lowest margin percentage, typically 30–40%. Long appointment times and high product costs are the reason.

Cuts (women's) generate moderate revenue but often have the highest contribution margin percentage, 50–65%. Minimal product cost, predictable time.

Retail is frequently the highest-margin category in the building. If you're buying at wholesale (35–45% of retail price) and selling at recommended retail price, your gross margin on retail is 55–65%. The challenge is volume — most salons generate only 5–15% of total revenue from retail. But per pound of revenue, retail is often more profitable than any service.

Blowouts and styling vary. In salons where these are lower-ticket and high-volume, the contribution can be strong. In salons where they're done as add-ons, they punch above their weight.

Treatments often surprise owners positively. High margin, short application time, and natural integration with existing appointments make them the most efficient add-on category.

WHAT TO DO WITH THIS INFORMATION

The service-level P&L doesn't tell you to stop doing low-margin services. It tells you which services need what attention.

Low-margin services need one of: a price increase, a cost reduction, or a strategic decision that the volume justifies the thin margin (loss-leader positioning). A below-market-rate men's cut might build client loyalty that converts to higher-value family bookings. That's a valid strategy if it's deliberate.

High-margin services need promotion. If your conditioning treatments are 72% gross margin but only 8% of your book, there's a conversation to have with your team about recommending them more actively.

Retail almost always needs more systematic attention. If your retail margin is 60% and you're at 10% attachment rate, you're leaving significant money on the floor. Chapter 6 covers inventory and product margin in full.

THE MONTHLY MAINTENANCE

Once you've built the service-level P&L for one month, maintaining it is fast. Update revenue figures from your POS monthly report. Product cost estimates change quarterly. Labour costs change only when wages change.

The question to ask monthly: which category moved, and why?

If colour revenue dropped but haircut revenue was stable, the mix shifted. That might be seasonal (haircut-heavy months exist) or it might be a symptom of something else — a colourist on leave, a promotion that pulled in cut clients, a competitor who's taken some colour clients.

Monthly P&L review is pattern recognition. The patterns tell you where to focus.

> ↓ **Download: 04-service-level-pl-worksheet.xlsx**
> Monthly P&L template by service category · formula-driven margin calculations · monthly trend view
> **modernsalonowner.com/downloads**

Chapter 6: Inventory and Product Margin — The Hidden Profit Lever

> *The number sitting on your shelves is either working for you or sleeping.*

Most salon owners think about inventory in one of two ways: either they run out of things and have to do an emergency order, or they have too much of something and the bottles quietly expire in the back room. The financial management of inventory — buying at the right time, in the right quantities, at the right price — is a discipline most salons haven't built.

This chapter fixes that. Not because inventory management is glamorous, but because a small improvement in how you manage product spend has a disproportionate effect on your margins.

THE TWO FAILURE MODES

Over-ordering ties up cash in stock that isn't turning over, risks spoilage or obsolescence, and often happens because of the psychology of bulk discounts. A "10% off if you buy six" offer looks attractive until you realise you sell two units per month and the product has a 12-month shelf life. You've bought four units you'll either heavily discount to move or throw away.

Under-ordering forces emergency purchases at full retail price, causes stockouts mid-service (forcing a substitution or a delay), and creates the operational friction of constant re-ordering. The costs here are both financial (higher per-unit cost on emergency buys) and reputational (the client who notices you ran out of their favourite product and had to substitute).

Both failure modes are solved by the same tool: a PAR system.

THE PAR SYSTEM

PAR stands for *periodic automatic replenishment*. In practice, it means you set a minimum stock level for each product — the point at which you place a new order — based on your usage rate and your supplier's lead time.

PAR level formula: Average weekly units used × lead time in weeks × safety buffer factor.

If you use three units of a particular toner per week, your supplier delivers in five days (1 week), and you want a 50% safety buffer: PAR = 3 × 1 × 1.5 = 4.5 units. Round up to 5. When your stock drops to 5 units, order.

How to calculate average weekly usage: Pull your product usage reports from your POS for the past eight to twelve weeks and divide total units used by the number of weeks. If your POS doesn't track product usage directly, use your purchase history against your known starting stock.

Setting up the system: Once you have PAR levels for each product, the process is:

1. Weekly stock count (10–15 minutes for most salons)
2. Any item at or below PAR triggers an order
3. Order placed on a fixed day (Tuesday ordering for Thursday delivery is a common pattern)
4. New stock arrives, stock count updated

The discipline is the weekly count. Salons that do it consistently almost never have stockout or over-order problems. Salons that do it "when someone remembers" have both.

> ↓ **Download: 04-inventory-par-tracker.xlsx**
> PAR levels for up to 80 products · weekly count template · order trigger calculation · supplier contact fields
> **modernsalonowner.com/downloads**

PRODUCT COST AS A PERCENTAGE OF SERVICE REVENUE

There's a benchmark figure that deserves to be on your dashboard: product cost as a percentage of service revenue.

Healthy range:

- India: 8–12% (lower because Indian salon pricing often includes a larger labour component)
- US colour-heavy salon: 12–18%
- US cut-focused salon: 7–12%

If your product cost is above the upper bound for your type, one of three things is happening: you're buying too much (excess waste or over-ordering), you're pricing your services too low relative to product cost, or your product usage isn't being tracked correctly and wastage is higher than you think.

If it's below the lower bound, you might be under-investing in product quality, which has its own client-facing consequences — or your retail sales are distorting the figure upward (retail product revenue is in the denominator if you're using total revenue, which can make the ratio look lower than it is).

Track this ratio monthly. Sudden movements (up more than 2 percentage points in a month) usually mean something specific: a price increase from a supplier that hasn't yet been passed through to the menu, a new service mix that's more product-intensive, or a sudden jump in waste.

RETAIL MARGIN: THE CASE FOR FULL PRICE

The retail section of your business has, potentially, the best margin in the building. The question is whether you're running it well enough to capture it.

The typical wholesale-to-retail margin for professional hair care brands is 45–55%: you buy a product for ₹350/$12 and sell it for ₹700/$25. On service revenue of ₹700, you might be making 35% gross margin. On retail revenue of ₹700, you're making 50%.

This margin depends entirely on selling at the recommended retail price.

The temptation to discount retail — "I'll give you 20% off if you take two" — feels like generosity and service. The financial reality: a 20% discount on a 50% margin product takes your margin from 50% to 37.5%. You've given away a quarter of your profit on that sale to incentivise a purchase the client was probably going to make anyway.

There are contexts where retail discounting makes sense: moving old stock before it expires, promotional bundles, loyalty rewards. None of these should be habitual. The default price is the recommended retail price, every time.

The retail conversation: Retail sells at the highest rate when it's recommended specifically and immediately after use. "This is the conditioner I used on your ends today — you'll need it between now and your next visit because your colour is drying them out" outperforms "we have products if you need anything" by a factor of four to one in most salon contexts. Train your team on specific recommendations rather than passive availability.

SUPPLIER RELATIONSHIPS

One more operational point: most salon owners leave money on the table in their supplier relationships because they don't negotiate.

Professional product suppliers typically have three things to offer beyond base pricing: volume pricing tiers, payment terms, and promotional product. Most salons access only the base pricing because they've never asked.

Questions worth asking your primary supplier annually:

- What volume tier am I currently in, and how far am I from the next tier?
- What payment terms are available if I consolidate orders?
- What promotional product (free goods, testers, display support) is available if I commit to a quarterly order?

The answers don't always move the number significantly. But they sometimes do — and the conversation takes twenty minutes.

> *[End of File 2: Part II · Chapters 4–6]*

Chapter 7: The 5-Step Price Increase

> *You're probably already overdue. Here's how to do it without losing clients.*

The most common reason salon owners don't raise prices is fear. Not financial analysis — fear. Fear of client reactions, fear of seeming greedy, fear that the clients who have been coming for eight years will feel betrayed.

This fear is understandable and largely unfounded.

Data from salons that raise prices properly and communicate them well shows consistent results: client loss on a 5–8% price increase is typically less than 3%. On a 10% increase, it's 4–6%. These losses are concentrated among price-sensitive clients — often lower-average-ticket clients who were already the least loyal.

The clients who have been coming for eight years are not coming because of the price. They're coming because of the relationship, the result, and the trust. Those clients almost never leave on a price increase. The ones who do were often marginal to begin with.

That's not a reason to increase prices carelessly. It's a reason to stop letting fear override the financial case.

THE PREREQUISITE: RUN YOUR SERVICE-LEVEL P&L FIRST

The 5-step process starts before the price increase itself. You need to know, for each service you're considering increasing, what the current margin is, what the proposed new margin would be, and whether the increase is financially justified.

A 10% increase on a service with a 40% margin takes it to 46%. A 10% increase on a service with a 20% margin takes it to 27% — still low, potentially in need of a larger increase or a cost review first.

If you haven't run the calculations from Chapters 4 and 5, do that first.

STEP 1: IDENTIFY WHICH SERVICES TO INCREASE

You don't need to increase everything. In fact, a broad menu increase can feel more jarring to clients than targeted increases on specific services.

The selection criteria:

- Services with gross margin below 35% should be reviewed first
- Services that haven't been increased in more than 18 months are candidates regardless of current margin (inflation has eroded them)
- Services where your price is meaningfully below local competitors (more than 10% below) are underpriced relative to market
- Services with long appointment times are frequently the most underpriced because the labour cost compounds per hour

What you're looking for is a small list — typically two to five services — where the financial and market case for an increase is clear.

STEP 2: MODEL THE INCREASE

Before you announce anything, model the revenue and margin impact.

> ↓ **Download: 04-price-increase-modeller.xlsx**
> Model up to 12 services · compare 5%, 8%, and 10% scenarios · client-loss sensitivity analysis · revenue impact projection
> **modernsalonowner.com/downloads**

The modeller does three things:

First, it shows you the margin improvement per service. This is the financial justification.

Second, it models revenue impact at three client-loss scenarios: 1%, 3%, and 5% departure rate. In almost every case, the revenue gain from the price increase outweighs the revenue loss from client departures, even at the pessimistic end.

Example: Full-head colour currently priced at ₹2,800. You propose increasing to ₹3,080 (10%). You deliver 60 colour services per week.

SCENARIO	CLIENT LOSS	REVENUE AT NEW PRICE	NET REVENUE CHANGE
Best case (1% loss)	0.6 clients	₹3,031 × 59.4	+₹13,300/week
Mid case (3% loss)	1.8 clients	₹3,080 × 58.2	+₹11,500/week
Worst case (5% loss)	3 clients	₹3,080 × 57	+₹9,600/week

Even at 5% client loss, you're generating ₹9,600 more per week from this service category. Annualised, that's ₹4,99,200 in additional revenue from one price increase on one service.

The model also shows what type of client is likely to depart — use your CAC data from Chapter 1 to estimate the cost of acquiring replacements. In most cases, the economics are overwhelmingly in favour of the increase.

STEP 3: SET THE AMOUNT AND THE TIMELINE

Amount: The research on salon price increases suggests 5–8% is absorbed with minimal friction, 10–12% is noticeable but accepted if communicated well, and above 15% in a single move creates significant client anxiety regardless of communication quality. If you need a larger increase, do it in two steps over 18 months.

For services with very low margins, sometimes a larger single step is necessary. If your cost-per-service calculation shows a service at 18% gross margin, a 5% price increase doesn't fix it — you need 15–20% or you need to cut product costs significantly. Make the case, communicate it clearly, and accept that some clients will leave. The ones who stay at a sustainable price are worth more than the ones who stay at an unsustainable one.

Timeline: The standard is four weeks' notice. This gives regular clients at least one appointment at the current price if they want it, and time to adjust their expectations. More notice than this tends to make the increase feel more significant than it is. Less notice than two weeks feels abrupt.

STEP 4: COMMUNICATE IT

Most of the client anxiety around price increases is created by bad communication, not the increase itself.

What to say:

"From [date], we'll be updating our pricing across some of our services. [Service] will move from [old price] to [new price]. We wanted to let you know in advance."

That's it. No elaborate justification. No apology. No defensive explanation. A simple, factual, respectful notice.

What not to say:

- "Unfortunately, due to rising costs..." — positions you as a victim of circumstances and invites pushback
- "We've tried to keep prices low for as long as possible but..." — apologetic framing creates the impression that you've been doing clients a favour, which they'll resent when the favour ends
- Anything that implies the client should feel bad for you

Where to communicate it:

- In-person: at the end of the appointment before the increase takes effect ("Just so you know, when you come in next, pricing will have updated")
- WhatsApp/text: a brief message to regular clients one to two weeks before the effective date
- In-salon: a small notice at the reception desk or on the menu from the announcement date forward
- Email or booking confirmation: update your price list in your POS before the effective date so that new bookings show the new prices

You do not need a social media announcement. Price changes are operational, not marketing moments. Keep the communication channel proportionate to the magnitude of the change.

STEP 5: MONITOR FOR ONE MONTH

After the increase takes effect, watch three numbers for four weeks: rebook rate, average ticket (obviously), and appointment volume.

If rebook rate drops more than five percentage points, investigate. It might be the price increase, or it might be a coincident issue (a stylist departure, a seasonal lull, a booking platform problem). Don't confuse correlation with causation.

If appointment volume drops more than the modelled client-loss estimate, the same applies: investigate before you reverse the increase. A price increase that coincides with a seasonal slow period can look like client departure when it isn't.

The rule: Don't reverse a price increase within the first eight weeks. The short-term noise is real and you need to let the signal emerge from it. If you've done the modelling and the communication, the numbers will settle.

A NOTE ON INDIA-SPECIFIC DYNAMICS

In Indian tier-2 and tier-3 cities, price increases require a different framing because the client base is more price-sensitive and the competitive environment often includes much lower-priced alternatives.

The framing that works: quality upgrade positioning. Don't announce a price increase; announce a service enhancement. "We've upgraded our colour range to [brand] starting from [date], and our pricing has updated to reflect the improved products." This is honest — if you've genuinely improved your offering — and it gives clients a tangible reason for the new pricing.

The framing that doesn't work: inflation justifications. Clients in price-sensitive markets don't find cost-of-living arguments compelling because they're experiencing the same inflation and don't have a comparable salary increase to offset it.

Chapter 8: The Cash Conversion Cycle

> *Why "we had a great month" sometimes means "we're tight this week."*

Salon owners occasionally experience a particular kind of financial confusion: a strong booking month that ends with less cash in the account than expected. Revenue is up. The bank balance is down. What happened?

The answer is almost always timing. Revenue and cash are not the same thing, and in a salon with certain business structures, the gap between them can be significant.

THE CASH TIMING GAP IN A SALON

For a purely walk-in salon with no prepaid packages, no gift vouchers, and immediate payment at service, the cash conversion cycle is essentially zero — money comes in as services are delivered. Most salons are not this simple.

The timing gaps come from four sources:

1. Prepaid packages and membership

A 10-session treatment package sold at ₹8,000 generates ₹8,000 in cash today. But the revenue — the money you've actually *earned* — comes over the next ten sessions as each one is delivered. If you've already spent the ₹8,000 by the time you're delivering sessions five through ten, you're delivering revenue you've already consumed the cash for.

The accounting treatment matters: prepaid package income should be held as a liability (unearned revenue) and recognised as each session is delivered. Many salons run this through the cash register as immediate income, which distorts the P&L and makes the business look more profitable than it is in the short term.

2. Gift vouchers

Same principle. A ₹2,000 gift voucher sold in December generates ₹2,000 of cash in December. The revenue is earned when the voucher is redeemed — which might be February or March (or never, in the case of unredeemed vouchers, which are recognised as income after an expiry period).

If your December is strong on gift voucher sales, your January and February might feel financially harder even as redemptions flow through — because the cash that's paying for January operations was received in December.

3. Corporate accounts and invoicing

Salons that service corporate accounts — company wellness programmes, regular bulk bookings — often invoice monthly with 30-day payment terms. Services are delivered in November; cash arrives in December. In a fast-growing business, this gap can become significant.

4. Supplier payment terms

This works in your favour. If your primary product supplier offers 30-day payment terms, you receive and use product in month one and pay for it in month two. The gap creates a natural float. Most small salons don't exploit supplier terms fully — they pay immediately even when terms allow delay. This isn't wrong, but it's worth knowing the terms you have available.

THE CASH FLOW CALENDAR

The most useful tool for managing cash timing is a simple monthly cash flow calendar: what's coming in, and when; what's going out, and when.

> ↓ **Download: 04-cash-flow-calendar.xlsx**
> 12-month cash flow calendar · prepaid voucher liability tracker · package redemption schedule · weekly cash position
> **modernsalonowner.com/downloads**

The calendar doesn't require accounting software. It requires:

Inflows by week: Projected service revenue (use your average weekly revenue and any known seasonal adjustments), retail revenue, package sales, gift voucher sales.

Outflows by week: Payroll (typically the largest single outflow; know which weeks of the month it hits), rent (usually monthly; some landlords require 1st-of-month, some mid-month), supplier invoices (per your payment terms), utilities, POS and software subscriptions, insurance.

When you map inflows and outflows by week rather than by month, the tight weeks become visible. Payroll week coinciding with rent week and a supplier payment creates a cash trough even if the month overall is profitable. Knowing this in advance lets you manage the timing: holding a gift voucher sale in the week before rather than the week after, delaying a non-urgent supply order to the following week, drawing a smaller owner salary that week.

Cash management is not about restricting spending — it's about timing spending to match the rhythm of the business.

THE DANGEROUS MONTH: JANUARY

In most salons, January is the most dangerous cash month of the year.

December is typically the strongest revenue month — gift vouchers, end-of-year events, party season — with some of that cash received as prepayment for January and February services. January is the weakest service month — clients have overspent in December, weather keeps people home, the post-holiday pattern suppresses spontaneous bookings.

The combination of strong December cash (partly deferred to Q1 services) and weak January revenue creates a specific tightness. Add a payroll cycle that doesn't adjust for the revenue drop, supplier invoices from the December ordering rush, and the structural cost of running a fully-staffed salon at 60% capacity, and January becomes a cash test.

The January preparation habit: By the end of October, you should know your projected January cash position. Build a reserve through Q4 — if December is typically your strongest month, ring-fence a portion of December's cash for January operations rather than treating it as profit to distribute.

UNREDEEMED VOUCHERS: AN ACCOUNTING NOTE

One more item worth flagging: unredeemed gift vouchers.

The accounting treatment varies by jurisdiction, but the standard approach is:

- Vouchers sold in December → recognised as liability (unearned revenue)
- Vouchers redeemed in January/February → recognised as revenue when redeemed
- Vouchers that expire or are never redeemed → recognised as breakage income after the expiry period (typically 12 or 24 months, per your stated terms)

If your salon has sold significant gift voucher volume over multiple years and has never properly reconciled which ones have been redeemed, you may have a combination of understated liabilities (vouchers you should still be treating as deferred revenue) and overstated income (vouchers you've recognised as sold without tracking redemption).

This is worth a conversation with your accountant. It's not usually a crisis, but cleaning it up gives you an accurate picture of your actual deferred revenue position.

Chapter 9: Reading Your Salon Software Reports Critically

> *Your POS is showing you the wrong numbers in the wrong order. Here's how to read past it.*

Salon management software has gotten significantly better over the past decade. Fresha, Vagaro, Zenoti, MioSalon, Mindbody, Booksy — all of them have improved their reporting dramatically since 2018. You can find more data in fewer clicks than ever before.

And yet: the default reports in almost every system are designed to feel good, not to be accurate. The "revenue" figure is usually gross. The "utilisation" figure usually includes no-shows. The "top stylist" report usually ranks by revenue without adjusting for time worked or service hours available.

This chapter is a guide to reading your software reports critically — understanding what each standard report is actually measuring, what it gets wrong, and how to build the cross-check that catches what it misses.

REPORT 1: REVENUE (OR "SALES SUMMARY")

What your POS shows: Total of all invoices generated, typically including tax (GST/sales tax), including cancelled or voided transactions if they weren't properly reversed, and sometimes including gift voucher sales as realised revenue even though they haven't been earned yet.

What you actually want: Net service revenue from completed, paid appointments — after cancellations, after voids, before tax, and with gift voucher sales separated as deferred revenue.

How to get closer to it:

- Run the "completed appointments" filter rather than "all invoices"
- Subtract tax collected (this is a liability to the government, not income)
- Run a separate "gift vouchers sold" report and subtract from the revenue total
- Verify that your cancellation and void processes properly remove those invoices

In most systems, this adjustment takes revenue figures down by 5–12% from the headline number. That's not small.

REPORT 2: UTILISATION

What your POS shows: Typically "booked hours ÷ available hours" — but "booked" usually means scheduled, including no-shows and same-day cancellations.

What you actually want: Completed service minutes ÷ service-available minutes.

The difference: In a salon with a 10% no-show rate, the standard utilisation figure is 10 percentage points higher than the real one. A system showing 75% utilisation in a high-no-show salon may be running 65% actual completed-appointment utilisation.

How to get the real number: Pull your "completed appointments" report (not "all appointments"), sum the service durations, and divide by scheduled service hours for the period. It's more manual, but it's the real number.

REPORT 3: TOP STYLISTS BY REVENUE

What your POS shows: A ranking of stylists by total revenue generated, usually as a simple descending list.

What this misses: Hours worked. A full-time stylist will almost always outrank a part-time stylist in raw revenue, even if the part-timer is more productive per hour. A stylist who does high-volume low-ticket services can outrank a stylist who does low-volume high-ticket services, even when the latter generates more revenue per available hour.

What you actually want: Revenue per available service hour (RevPAH) per stylist. Divide each stylist's weekly revenue by their scheduled service hours for the week. This is the fair productivity comparison.

The management insight: A stylist ranked third by total revenue might be your most productive staff member by RevPAH. That's a different conversation from the one you'd have if you only looked at the raw ranking.

REPORT 4: REBOOKING RATE

What your POS shows: Varies significantly by platform. Fresha shows "clients with future appointments" which is not the same as "clients who rebooked at checkout." Vagaro shows "scheduled at time of checkout" which is closer to what you want.

The problem with "clients with future appointments": This counts anyone who has a future appointment for any reason — they could have booked it three months ago, they could have called in yesterday. It's a stock measure (how many clients have bookings outstanding) rather than a flow measure (how many clients rebooking this week).

What you actually want: New bookings made at or within 48 hours of checkout ÷ completed appointments for the week. Most software doesn't report this directly. The closest proxy is to run "new bookings this week" and count those where the booking date is close to the client's most recent appointment.

For salons serious about this metric, a manual spot-check — asking front desk to record rebook-at-checkout for one week per quarter — is more accurate than any software report.

REPORT 5: CLIENT RETENTION RATE

What your POS shows: Often defined as "clients who visited this period who also visited last period" — a strict period-over-period retention rate.

The problem: This definition makes retention look artificially low for salons with long service intervals. A client who visits every 8 weeks will show as "not retained" in a month-over-month report even though they're completely loyal and due back in two weeks.

What you actually want: For each completed client visit this month, what percentage of those clients had at least one previous visit in the prior 12 months? This lapse-adjusted retention is a more meaningful measure of actual client loyalty.

Most systems have a "returning client" versus "new client" breakdown which, while crude, is closer to the right signal than period-over-period retention.

BUILDING YOUR MANUAL CROSS-CHECK

Given the limitations above, a 20-minute weekly manual check is worth doing alongside your POS reports. The structure:

METRIC	FROM POS	MANUAL ADJUSTMENT	TRUE FIGURE
Revenue	Gross from POS	Less tax, voids, vouchers	Adjusted
Utilisation	Software figure	Recalculate on completed only	Real %
RevPAH	Not usually available	Revenue ÷ service hours	Calculated
Rebook rate	Proxy figure	Spot-check monthly	Validated

> ↓ **Download: 04-weekly-numbers-review.xlsx**
> POS cross-check template · manual adjustment calculations · 20-minute weekly review protocol
> **modernsalonowner.com/downloads**

The goal is not to find your software wrong on every metric — it usually isn't, by much. The goal is to understand what each figure represents so you're not managing the business on a number that's 10–12% away from reality.

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A NOTE ON POS DATA QUALITY

Garbage in, garbage out. Your reports are only as accurate as your team's data entry habits.

The most common data quality issues:

Incomplete client profiles. If stylists are booking appointments under "walk-in" rather than the client's actual profile, your retention data is meaningless — you can't track whether that walk-in came back because you don't know who they are.

Service code inconsistency. If the same service is sometimes booked as "women's haircut," sometimes as "ladies cut," and sometimes as "cut and style," your service category reports are splitting a single service type into three. Run regular audits of your booking codes.

Voids without reason codes. A voided appointment is legitimate, but if it's not coded (no-show vs cancellation vs rebook vs error), you can't see where the voids are coming from.

Investing one hour in POS hygiene — cleaning up client profiles, standardising service codes, enforcing void reason codes — makes your reports dramatically more accurate. Do it once a quarter.

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> *[End of File 3: Part III · Chapters 7–9]*

PART IV

IV

The Long Game

Making it stick. How to run the weekly numbers review, plan the financial year, talk to your accountant in their language, and build the savings discipline that creates real security.

> *Annual planning, professional support, and the systems that make your numbers work for you year-round.*

Chapter 10: The Annual Planning Cycle

> *The twelve-month rhythm that keeps you ahead of your business instead of behind it.*

Every salon owner I've worked with has, at some point, looked at a financial result — a bad month, a missed target, a sudden expense — and said: "I should have seen that coming."

They're usually right. The information was available. The patterns were visible in the data. What was missing was a regular practice of looking at the data in advance, rather than in response.

The annual planning cycle is that practice.

It's not a heavy process. It's four planning moments per year, each with a specific focus, each taking three to four hours, each producing a clear set of decisions. Between those four moments, there's a fifteen-minute weekly check-in (the 8-Number Dashboard) and a thirty-minute monthly review (the service-level P&L).

The discipline is the calendar. Planning only happens if it's scheduled. If your quarterly reviews happen "when things are quiet," they don't happen.

THE FOUR PLANNING MOMENTS

Q1 Review and Reset (January–February)

This is your full annual review. You're looking at the prior year's performance against targets, setting the new year's financial goals, and making any structural decisions that have been deferred.

Agenda:

1. Prior year financial review: revenue, margins, service mix, RevPAH. What improved? What didn't?
2. Pricing review: are any services due for a price increase? Run the modeller from Chapter 7.
3. Team review: which stylists hit their individual targets? Where are the gaps? Any hiring decisions required?

4. Annual target-setting: revenue target, key metric targets (rebook rate, average ticket, utilisation), capital expenditure plan.
5. January and February are typically slow months — build in a specific plan for the trough.

Output: Annual financial plan with monthly revenue targets, Q1 action list, pricing decisions.

Q2 Mid-Year Reforecast (April–May)

At the mid-year point, you're checking actual performance against the annual plan and adjusting.

Agenda:

1. Revenue tracking: actual vs plan for Q1. Why did it diverge, if it did?
2. Margin check: have costs moved since the annual plan? Any supplier price increases absorbed without passing through?
3. Summer planning: school holidays, reduced team availability, season-specific service demand. How are you staffed?
4. Halfway-year metrics: are your key metrics on track? Which ones are lagging?

Output: Revised annual forecast, Q2 and Q3 priority adjustments.

Q3 Peak Preparation (August–September)

For Indian salons: Q3 is Diwali and wedding season preparation. For US salons: Q3 covers fall back-to-school and the pre-holiday ramp.

Agenda:

1. Peak staffing: do you have the team to handle demand spikes? Are freelancers or extra hours needed?
2. Inventory preparation: stock up appropriately without over-ordering. Run your PAR levels from Chapter 6 against expected demand.
3. Gift voucher strategy: if you sell vouchers for Diwali (India) or Christmas (US), plan the promotion and the accounting treatment now.
4. Marketing spend: if you're running peak-season promotions, set a budget and a measurement plan.

Output: Q4 staffing plan, inventory order plan, peak season promotion plan.

Q4 Annual Budget and KDP Review (November–December)

This is where you build next year's budget and do the formal business review.

Agenda:

1. Next year revenue budget: build from the bottom up — capacity, anticipated utilisation, average ticket targets, by month. Don't just take this year's revenue and add a percentage.
2. Cost budget: wages (any planned increases?), rent (any review clauses?), product, marketing, capital expenditure.
3. KDP (Key Decision Points) review: what decisions do you need to make in the next 12 months? Hire, lease renewal, POS upgrade, expansion? These need to be in the calendar now.
4. December cash management: ring-fence the January operating reserve.

Output: Full annual budget, next-year KDP calendar, January cash plan.

BUILDING THE ANNUAL BUDGET

Most small salons have never built a formal budget. They have a target revenue number ("we should do X this year") without a bottom-up plan for how to get there.

A bottom-up budget starts with capacity.

Step 1: Calculate your total available service hours for the year. Number of stylists × weekly service hours × working weeks (exclude planned annual leave, public holidays, training days).

Step 2: Apply your target utilisation percentage. 70%? 75%? This gives you your total planned service hours for the year.

Step 3: Apply your average ticket target. Planned service hours ÷ average appointment duration × average ticket = revenue.

Example: 4 stylists × 35 service hours/week × 48 working weeks × 72% utilisation ÷ 1.0 hours average appointment × ₹1,400 average ticket = ₹(4 × 35 × 48 × 0.72 × 1.4) = ₹6,76,800/year in service revenue.

Add planned retail revenue separately (attachment rate × average retail sale × total appointments × 12 months).

Step 4: Build the cost side. Wages (your largest cost), rent, product (as a percentage of service revenue), utilities, POS, insurance, marketing.

Step 5: Check the resulting net margin. If it's below 15% before owner's drawings, something needs to change: higher revenue targets, lower cost assumptions, or an honest conversation about whether the business model is sustainable at its current pricing.

↓ **Download: 04-budget-builder.xlsx**
Bottom-up annual budget template · monthly revenue breakdown · cost structure · net margin tracker
modernsalonowner.com/downloads

THE INDIA PLANNING CALENDAR

Indian salons have a more complex seasonal rhythm than most Western markets because major festivals shift by date each year and drive both peak demand and peak staffing challenges.

Key planning moments for the Indian calendar:

- **October:** Diwali preparation — inventory, staff scheduling, gift voucher planning
- **November–February:** Wedding season peak in most regions. Book additional freelancers early; talented ones fill up months ahead.
- **March:** Holi impact (varies by region; some salons see strong demand, others slow)
- **April–May:** Pre-summer treatments, school holiday timing, heat-related service adjustments
- **June–July:** Monsoon slowdown in many markets. This is your renovation month, your training month, your system upgrade month.
- **August–September:** Post-monsoon ramp, second wedding season in South India

The wedding season dynamic deserves particular attention: many Indian salon owners expand their team aggressively in anticipation of wedding season, then face a staffing overhang when the season ends. The better approach is to build a strong core team and supplement with freelancers during peak, rather than carrying permanent headcount through troughs.

THE US PLANNING CALENDAR

For US salons, the major planning moments:

- **October–December:** Holiday ramp, gift voucher strategy, New Year's cut rush
- **January:** Structural slowdown. Plan for it; don't be surprised by it.
- **April–May:** Spring and prom season (strong in teen/young adult markets)

- **June–August:** Vacation schedules, school breaks, summer weddings
- **September:** Fall back-to-school (strong family salon market)

One US-specific dynamic: fourth quarter charitable donation and tax-loss harvesting by small business owners. Q4 is often when capital expenditure decisions are made — equipment, renovations, technology — because of tax timing. If you're planning a significant purchase, put it in the Q4 agenda.

Chapter 11: When to Hire an Accountant — And How to Brief Them

> *What a good salon accountant does that most salon owners aren't asking for.*

Many salon owners have an accountant. What they use them for, almost exclusively, is tax filing.

This is like hiring a doctor and only calling them when you need a prescription. The value of professional financial advice is in the ongoing relationship — the quarterly review, the early warning on a cash position, the pricing conversation before the menu is printed — not in the annual filing.

This chapter is about understanding when you need professional help, what to ask for, and how to get value from the relationship.

THE THREE SIGNALS THAT YOU NEED PROFESSIONAL HELP NOW

Signal 1: Revenue over ₹40 lakh per year (India) or $250,000 USD

Below this threshold, most salon owners can manage their own bookkeeping with a simple tool (Zoho Books, QuickBooks, Tally) and an annual tax filing. Above it, the complexity of GST (India) or payroll taxes, state taxes, and entity structure (US) makes professional help cost-effective.

This isn't a hard line. If your numbers are complex for other reasons — multiple locations, corporate accounts, franchise structures, property ownership — you might need help earlier. If your business is genuinely simple, you might push the threshold higher.

Signal 2: More than three employees

Beyond three employees, employment compliance complexity increases meaningfully. India: ESI and PF contributions, professional tax, potential Labour Welfare Fund obligations. US: payroll tax filings, workers' compensation, potential health benefits administration. An accountant who understands salon employment specifically (not just general accounting) will save you more in compliance than they cost.

Signal 3: You've made a pricing or investment decision that lost money and you couldn't explain why

This is the diagnostic signal. If you raised a service price and lost more clients than expected, and you can't tell whether the loss was the price or something else, you're managing the business without sufficient financial visibility. A good accountant helps you build that visibility. If you spent ₹3,00,000 on a new treatment room and can't tell whether it's generating a return, that's a capital allocation problem that financial advice addresses directly.

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WHAT A GOOD SALON ACCOUNTANT DOES

Most salons use their accountant for two things: annual tax filing and the occasional panic call when the bank account is confusing. A good accountant relationship looks different.

Monthly: Review of key financials — P&L, cash position, VAT/GST return. A brief call or message exchange to flag anything unusual. This doesn't take long; most months nothing needs intervention.

Quarterly: A proper meeting (in-person or video) that covers: actual versus budget, any major variances, payroll compliance check, supplier and rent cost review, any upcoming decisions (hiring, pricing, capital expenditure) that need financial modelling.

Annually: Tax planning before the year end (not after), annual accounts preparation, business structure review (is your current entity the most efficient structure for your size?), and a forward plan for the next twelve months.

Ad hoc: Any time you're making a decision above ₹50,000/$1,000 in annual impact that has a financial component. Price increase, lease negotiation, equipment purchase, new hire. Brief the accountant before you decide, not after.

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INDIA-SPECIFIC: WHAT YOUR CA NEEDS FROM YOU

A Chartered Accountant in India working with a salon needs these inputs:

Monthly:

- Revenue figures (net, excluding GST) from your POS or bookkeeping tool
- Product and supply invoices with GST amounts clearly separated
- Payroll records: gross wages, PF deductions (employer + employee), ESI deductions (employer + employee), professional tax, TDS deducted from any payments to contractors
- Cash sales records if applicable (for GST reconciliation)

Quarterly:

- GST return data (input tax credit reconciliation)
- Advance tax payment projection

Annually:

- Employee Form 16 inputs
- Any capital expenditure (salon furniture, equipment) for depreciation scheduling
- Owner's drawings for tax filing

The most common CA complaint about salon clients is missing or late paperwork. The most common salon owner complaint about CAs is receiving advice too late to act on. Both are solved by a monthly data transfer discipline — same day of the month, same format, every month.

US-SPECIFIC: THE TAX STRUCTURE QUESTION

For US salon owners, the question worth revisiting annually is entity structure.

Sole proprietorship/Schedule C: Appropriate for solo operators. All business income flows to personal tax, self-employment tax applies to the full profit, no payroll administration.

LLC: Provides liability protection. Single-member LLC is still taxed as Schedule C unless you elect S-Corp treatment. Often worth the formation cost once revenue is stable.

S-Corporation election: Above a certain income level (rough US rule of thumb: when business profit exceeds $50,000–$60,000 after reasonable owner salary), S-Corp treatment can significantly reduce self-employment tax liability. A portion of income passes through as distributions rather than wages and is not subject to FICA.

This is a planning conversation for your CPA, not a DIY decision — the "reasonable salary" requirement is enforced, and getting it wrong creates IRS risk. But it's a question worth asking if you haven't.

THE THREE QUESTIONS TO ASK BEFORE YOU HIRE

Before hiring any accountant, ask:

1. "How many salon or service-business clients do you currently have?"

An accountant who understands tipping, retail inventory, gift vouchers, booth rental structures, and employment tax for salon staff has context that a general-purpose small-business accountant lacks. You want at least three to five salon-adjacent clients in their current book.

2. "What does your client communication process look like during the year, not just at tax time?"

If the answer is "we prepare the annual accounts in March," find someone else. You want a relationship with quarterly touchpoints, not an annual transaction.

3. "Can you walk me through how you handle [one specific issue relevant to your business]?"

India: "How do you handle GST on service revenue for a multi-stylist salon?" US: "How do you handle the booth rent versus employee classification for stylists in my market?"

Their answer tells you whether they've dealt with your specific situation before. Generic answers suggest they haven't.

THE RED FLAGS

- They've never asked to see your service-level P&L or your pricing model
- They can't tell you your current gross margin without looking it up
- They've never proactively raised a concern or a question — they only respond when you ask
- Their response time is measured in weeks, not days, outside of filing season
- They've never discussed your business structure or whether it's still appropriate

These aren't reasons to fire a competent accountant for a minor gap. They're reasons to evaluate whether you're getting the relationship you need.

↓ **Download: 04-accountant-brief-template.xlsx**
Monthly data package template · quarterly review agenda · annual financial review checklist · three questions for evaluation
modernsalonowner.com/downloads

> *All 15 templates referenced in this book are available at modernsalonowner.com/downloads — free, no email required.*

APPENDIX A

The 8-Number Dashboard

04-8-number-dashboard.xlsx

The complete weekly and monthly tracking sheet for all eight metrics: rebook rate, average ticket, capacity utilisation, RevPAH, cost per service, gross margin by category, retail attachment rate, and client acquisition cost.

Includes: benchmark ranges for India and US markets · colour-coded health indicators · per-stylist breakdown tab · 12-month trend view.

APPENDIX B

Service-Level P&L and Cost Tools

04-cost-per-service-calculator.xlsx

Three-component cost calculation (direct product, direct labour, overhead allocation) for up to 10 services. Automatic waste factor. Per-stylist cost variation.

04-service-level-pl-worksheet.xlsx

Monthly P&L by service category. Formula-driven margin calculations. Monthly trend comparison.

04-retail-margin-calculator.xlsx

Retail purchase cost, recommended retail price, actual sell price, and discount impact on margin. Handles up to 40 product SKUs.

APPENDIX C

Pricing Tools

04-price-increase-modeller.xlsx

Model up to 12 services at three increase scenarios (5%, 8%, 10%). Client-loss sensitivity analysis. Revenue impact projection. 4-week monitoring checklist.

04-benchmark-comparison-sheet.xlsx

Current prices versus local competitor prices for up to 20 services. Market position indicator. Price gap analysis.

APPENDIX D

Operations and Inventory

04-inventory-par-tracker.xlsx

PAR level calculation for up to 80 products. Weekly count template. Order trigger. Supplier contact and lead time fields.

04-capacity-utilisation-calculator.xlsx

Weekly completed-appointment log. Gap analysis. Per-stylist utilisation. Hiring-signal indicator.

04-average-ticket-tracker.xlsx

Weekly per-stylist average ticket. 3-month trend. Add-on and retail breakdown.

APPENDIX E

Cash, Planning, and Reporting

04-cash-flow-calendar.xlsx

12-month cash flow calendar. Prepaid voucher liability tracker. Package redemption schedule. Weekly cash position.

04-budget-builder.xlsx

Bottom-up annual budget. Monthly revenue breakdown from capacity × utilisation × ticket. Cost structure. Net margin tracker.

04-annual-planning-calendar.xlsx

Q1–Q4 planning agenda templates. India and US seasonal events. KDP (Key Decision Points) tracker.

04-weekly-numbers-review.xlsx

POS cross-check template. Manual adjustment calculations. 20-minute weekly review protocol.

APPENDIX F

Professional Support

04-accountant-brief-template.xlsx

Monthly data package template for your CA/CPA. Quarterly review agenda. Annual financial review checklist. Three evaluation questions for assessing professional relationships.

APPENDIX G

Consolidated Checklists

04-consolidated-checklists.xlsx

Every chapter's action checklist in a single reference tool:

- Weekly 8-Number Dashboard check (15 minutes)
- Monthly service P&L review (30 minutes)
- Quarterly pricing review
- Annual planning cycle (4 sessions)
- Annual accountant review
- Price increase process checklist
- POS audit checklist

A Final Note

The goal of this book is not to turn you into a finance person.

You're a salon owner. You chose this work because of the craft, the relationships, and the freedom of running your own business. The numbers are in service of those things — they exist to tell you whether the business is healthy, where to focus, and when to act.

The difference between a salon owner who checks their numbers consistently and one who doesn't is not intelligence or work ethic. It's the fifteen-minute weekly habit. The five-number dashboard on a Tuesday morning. The monthly P&L review that catches the margin slide before it becomes a crisis.

That habit, maintained over twelve months, changes the quality of the decisions you make. Not dramatically — there's no single metric that transforms a struggling salon overnight. But consistently, over time, the owner who knows their numbers makes better decisions than the one who doesn't. They raise prices at the right moment. They hire with evidence rather than anxiety. They catch cost increases early. They don't panic when January is slow because they planned for it in October.

The information in this book is not complex. None of the calculations require a degree. What they require is consistency.

Check your numbers. Every week.

Kate Harlow

modernsalonowner.com

> *[End of File 4: Part IV · Chapters 10–11 + Appendix]*

PART V

V

The Full Picture

> *Balance sheets, savings discipline, and the financial foundation that outlasts a bad quarter.*

Chapter 12: The Balance Sheet — Your Salon's Financial X-Ray

> *The P&L tells you how you performed. The balance sheet tells you what you're worth. Most salon owners only know half the story.*

Here is something most salon owners have never been told: every decision you make in a business — every hire, every price change, every purchase — shows up somewhere on a financial statement. The problem is that most owners only ever look at one statement, and it's the wrong one for half the questions they're trying to answer.

That statement is the P&L. You can read it. You know your revenue, your rough costs, your sense of whether the month was good or bad. What most salon owners have never seen is their balance sheet — and without it, you're flying with half your instruments covered.

The P&L is a film. It shows you what happened between two dates — revenue earned, costs incurred, profit or loss for the period.

The balance sheet is a photograph. It shows you exactly where you stand on a single day — what you own, what you owe, and what's left over for you.

Both are essential. Neither is complete without the other.

WHAT A BALANCE SHEET SHOWS

A balance sheet has three sections:

Assets — everything the business owns or is owed

Liabilities — everything the business owes to others

Equity — what's left when you subtract liabilities from assets; this is the owner's stake

The fundamental equation: **Assets = Liabilities + Equity**

This equation always balances, which is where the name comes from. Every transaction in your business moves numbers around this equation — but it always stays in balance.

SALON ASSETS: WHAT YOU ACTUALLY OWN

For a salon, assets fall into two buckets: **current assets** (you expect to convert them to cash within 12 months) and **non-current assets** (longer-term).

Current assets:

ASSET	WHAT IT IS FOR A SALON
Cash and bank balances	Money in your current account, petty cash float
Accounts receivable	Amounts owed by corporate clients on account (uncommon for walk-in salons, significant for B2B)
Inventory / stock	Value of retail products and professional supplies on hand
Prepaid expenses	Insurance paid in advance, annual software subscriptions, deposits on future orders
Gift vouchers sold but not redeemed	*Technically a current asset offset by a liability — see below*

Non-current assets:

ASSET	WHAT IT IS FOR A SALON
Salon equipment	Chairs, basins, dryers, steamers, treatment beds
Furniture and fit-out	Mirrors, lighting, reception desk, shelving
Computers and POS	Hardware, POS terminals
Leasehold improvements	Money spent renovating a rented space
Security deposit	The amount paid to your landlord as a refundable deposit

A note on depreciation: Non-current assets lose value over time. A salon chair bought for ₹25,000/$500 is not worth that three years later. Depreciation is the accounting process that reduces the book value of an asset each year to reflect this wear. Your accountant handles the exact rates (India: Companies Act or Income Tax rates; US: IRS schedules), but you should know that the value of your equipment on the balance sheet is its *book value*, not its replacement cost or what you could sell it for.

SALON LIABILITIES: WHAT YOU ACTUALLY OWE

Current liabilities (due within 12 months):

LIABILITY	WHAT IT MEANS FOR A SALON
Accounts payable	Unpaid supplier invoices for product and supplies
GST / Sales tax payable	Tax collected from clients not yet remitted to the government
TDS payable (India)	Tax deducted at source on payments to contractors, not yet remitted
Advance bookings received	Cash collected for future appointments — not yet earned
Gift voucher liability	The value of vouchers sold but not yet redeemed *(this is the one that surprises everyone)*
Package liability	Pre-paid treatment packages sold but not yet delivered
Staff wages payable	Wages earned but not yet paid at month end
EMI / loan instalment due	The next 12 months of any equipment or business loan

Non-current liabilities (due after 12 months):

LIABILITY	WHAT IT MEANS
Business loan (long-term portion)	The outstanding loan balance beyond the next 12 months
Equipment finance	Hire-purchase or leasing arrangements on major equipment
Director / shareholder loans	Money you personally lent the business

The gift voucher liability point deserves emphasis. When a client buys a ₹2,000 gift voucher, that ₹2,000 is not revenue — it's a liability. You've taken their money but you haven't delivered a service yet. If you sell ₹80,000 in Diwali vouchers in October, your balance sheet has a new ₹80,000 liability. As vouchers are redeemed, the liability converts to revenue. Salons that count voucher sales as income before redemption are overstating their revenue and understating their liabilities — a problem that shows up painfully in January when the cash is spent but the redemptions are arriving.

EQUITY: WHAT'S ACTUALLY YOURS

Equity is the residual. Once you subtract all liabilities from all assets, what remains belongs to the owner.

For a small salon, equity typically has two components:

Capital contributed — the money you personally put into the business when you started or expanded

Retained earnings — the accumulated net profit the business has generated over its life, minus any drawings or dividends you've taken out

If your salon has ₹8,00,000 in total assets and ₹5,50,000 in total liabilities, your equity is ₹2,50,000. That's your real financial stake in the business on that date.

A growing equity figure over time means the business is accumulating value. A shrinking one — even if the P&L shows monthly profit — means drawings or losses are eroding the base. Both need watching.

READING YOUR BALANCE SHEET: THE THREE RATIOS THAT MATTER

You don't need to be an accountant to extract value from a balance sheet. Three ratios tell you almost everything a salon owner needs to know.

1. Current Ratio = Current Assets ÷ Current Liabilities

This measures whether you can pay your short-term obligations with your short-term assets.

- Below 1.0: your current liabilities exceed your current assets. You may struggle to pay bills as they fall due.
- 1.0–1.5: acceptable but thin. A bad month creates cash stress.
- 1.5–2.0: healthy for a service business.
- Above 2.0: you have more current assets than you need, which may mean excess stock or idle cash that could be invested.

India benchmark: Many Indian salon owners run current ratios below 1.0 because gift voucher liabilities and advance bookings inflate current liabilities while cash gets spent on operations. If this describes you, the fix is in Chapter 13 — the savings system that rebuilds the buffer.

2. Debt-to-Equity Ratio = Total Liabilities ÷ Total Equity

This measures how leveraged the business is — how much of the business is funded by debt versus your own money.

- Below 1.0: the business is more owner-funded than debt-funded. Conservative and safe.
- 1.0–2.0: moderate leverage. Acceptable if the debt is productive (equipment that generates revenue).
- Above 2.0: the business owes more than twice what the owner has contributed. This is fine during a growth phase but is a warning sign if it's permanent.

3. Inventory Turnover = Cost of Goods Sold ÷ Average Inventory

For the retail portion of your salon, this measures how quickly you're selling through stock.

- A turnover of 6 means you're turning your inventory every two months. Healthy.
- A turnover of 3 means every four months. Your cash is sitting on the shelf.
- A turnover below 2 (every six months or slower) means you have a dead stock problem.

This ratio connects directly to the PAR system in Chapter 6. A low turnover is often the result of buying without a PAR system — ordering in bulk because of a supplier deal without knowing your actual usage rate.

BUILDING YOUR FIRST BALANCE SHEET

If you've never produced a balance sheet, here's how to build one for the first time:

Step 1: List your assets

Go through your business bank accounts and note the cash balance. Check what corporate clients owe you. Count your inventory (or use the last stock count). List your equipment with approximate book values (ask your accountant for depreciation schedules if you have them; estimate if you don't).

Step 2: List your liabilities

Check unpaid supplier invoices. Log outstanding gift voucher liability (total vouchers sold in the last 12 months minus redeemed — your POS should have this). Note any loans with the current outstanding balance.

Step 3: Calculate equity

Assets minus liabilities equals equity. If this number is negative, the business owes more than it owns — that's a signal that requires immediate attention.

Step 4: Reconcile

The balance sheet always balances. If assets ≠ liabilities + equity, something is missing or double-counted. Common culprits: security deposit not listed as an asset, personal expenses run through the business account, cash transactions not recorded.

Step 5: Do it quarterly

The first balance sheet takes time. The second takes much less. By the fourth quarter you'll have a rolling picture of whether your business is building net worth or eroding it.

> ↓ **Download: 05-balance-sheet-template.xlsx**
> Salon-specific balance sheet with asset and liability categories pre-built · depreciation schedule tab · three ratio calculations auto-generated · quarterly comparison view
> **modernsalonowner.com/downloads**

> ↓ **Download: 05-balance-sheet-model.xlsx** *(pre-filled example)*
> A completed balance sheet for a fictional Indian salon (₹40L annual revenue, 3 stylists) and a US salon ($180K annual revenue, 4 stylists) — see what healthy numbers look like before you fill in your own
> **modernsalonowner.com/downloads**

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Chapter 13: The Salon Savings System — Building the Fund Before You Need It

> *Most salons don't fail because of a bad month. They fail because a bad month hit a business with no cushion.*

◆

Here is the most common financial pattern in independent salons:

January is slow. Revenue drops 20–30% from the December peak. The bank account, which looked fine on December 31st, is suddenly thin. Supplier invoices are due. Rent is due. The stylist who came back from holiday needs a wage. The client whose gift voucher was a Christmas present is here to redeem it.

Nothing unusual is happening. January is slow every year. The owner knew it was coming. But there's no reserve because December's cash went to wages, rent, supplier payments, and personal drawings. Every rupee or dollar in, out it went.

This is not a cash flow problem. It's a savings discipline problem. The fix is structural, not tactical.

THE THREE-BUCKET SYSTEM

Financial resilience isn't built by earning more — it's built by allocating what you earn with intention. The salon owner who earns ₹60L a year and allocates deliberately will outsurvive the one who earns ₹80L and spends reactively.

The Three-Bucket System gives every rupee or dollar that enters your business a destination before you touch it.

Bucket 1 — The Emergency Reserve

Purpose: Cover fixed costs during a slow month, a forced closure, a staff crisis, or an unexpected expense.

Target: 6–8 weeks of total fixed costs (rent, loan repayments, minimum wages, utilities).

Where to keep it: Separate savings account, same bank as your current account for easy transfer. India: a sweep account or liquid fund. US: a business high-yield savings account (HYSA).

Rule: Do not touch this unless it's a genuine emergency. A slow month is not an emergency — it's a forecast. An unexpected equipment failure is.

Bucket 2 — The CapEx Reserve

Purpose: Fund equipment replacement, renovations, and upgrades without taking on debt.

Target: Enough to replace your most critical piece of equipment — typically your colour processing units, chairs, or POS system — on a 3–5 year cycle.

Rough calculation: If replacing your full equipment fit-out would cost ₹5,00,000/$8,000, and you expect to do it in 5 years, you need ₹8,300/$130 per month going into this bucket.

Rule: When the equipment decision arrives, the money is already there. No loan needed.

Bucket 3 — The Growth Fund

Purpose: Fund the next phase — second location deposit, major renovation, a significant marketing push, or the technology upgrade that unlocks new revenue.

Target: Defined by the specific goal. If the second location requires a ₹3,00,000/$5,000 deposit and fit-out contribution, that's the target.

Rule: Do not draw from this for operations. If you can't cover operations without this bucket, your operating model needs fixing first.

THE ALLOCATION FORMULA

5% rule: Allocate 5% of gross monthly revenue to the savings system before anything else. This comes off the top — before wages, before rent, before drawings.

MONTHLY REVENUE	5% ALLOCATION	ANNUAL SAVINGS
₹2,50,000	₹12,500/month	₹1,50,000/year
₹5,00,000	₹25,000/month	₹3,00,000/year
₹8,00,000	₹40,000/month	₹4,80,000/year
$15,000	$750/month	$9,000/year
$25,000	$1,250/month	$15,000/year
$40,000	$2,000/month	$24,000/year

Split the 5% between buckets based on where you are in the journey:

PHASE	BUCKET 1	BUCKET 2	BUCKET 3
Bucket 1 not yet fully funded	100%	—	—
Bucket 1 full, Bucket 2 building	20% top-up	60%	20%
Both 1 and 2 full, building for growth	20% top-up	20% top-up	60%

Once an emergency happens and you draw from Bucket 1, the allocation returns to 100% into Bucket 1 until it's rebuilt.

THE AUTOMATION IMPERATIVE

The system only works if the transfer happens automatically. A manual transfer that depends on you remembering to do it, or having willpower when cash is tight, will fail within three months.

Set up a standing order on the 1st of each month:

- India: Transfer 5% of last month's revenue from your business current account to a separate savings account. Use net-banking or your bank's recurring transfer feature. Amount: review quarterly and update.

- US: Set up an automatic transfer from your business checking to a dedicated business HYSA on the 1st of each month.

Name the accounts deliberately:

Naming the account "Emergency Reserve" or "Salon Safety Net" rather than "Savings Account 2" creates psychological friction against spending it casually. Most Indian banks and all US banks allow you to rename savings accounts.

WHERE TO PARK THE MONEY

The savings buckets should earn a return while they wait. The right instrument depends on your market and which bucket it is.

India:

BUCKET	RECOMMENDED INSTRUMENT	RETURN (APPROX)	LIQUIDITY
Emergency Reserve	Liquid mutual fund (Mirae Asset Cash Management, Parag Parikh Liquid Fund, HDFC Liquid Fund)	6.5–7.5% p.a.	T+1 redemption (money in your account next business day)
CapEx Reserve	Arbitrage fund or short-duration debt fund	7–8% p.a.	T+2 to T+3
Growth Fund (2+ year horizon)	Conservative hybrid fund or balanced advantage fund	9–12% p.a. (variable)	T+3; best held 2+ years

> *Note: Mutual fund returns are indicative, not guaranteed. Consult your CA or financial advisor before investing. The principle — money earns something rather than sitting idle in a zero-interest current account — is sound regardless of the specific instrument.*

US:

BUCKET	RECOMMENDED INSTRUMENT	RETURN (APPROX, 2026)	LIQUIDITY
Emergency Reserve	Business high-yield savings account (Marcus, Ally, or Mercury for fintechs)	4.5–5.0% APY	Same day
CapEx Reserve	Business HYSA or short-term CD (6–12 month)	4.5–5.5% APY	HYSA: same day; CD: at maturity
Growth Fund (2+ year horizon)	Money market fund or 2-year Treasury	5.0–5.5% APY	T+1 to T+2

> *Note: US interest rates change. The principle is to keep savings in an interest-bearing account, not in a zero-interest business checking account. Your CPA can advise on the tax treatment of interest income.*

THE BUSINESS CASE FOR STARTING ON DAY 1

"I'll start saving once the business is more stable" is the sentence that keeps the savings system from ever starting. The business will never feel stable enough until the savings exist — that's the point.

The maths are asymmetric. A salon with ₹2,50,000 monthly revenue that starts the 5% rule on day one of Year 1 has ₹1,50,000 in reserves by the end of Year 1. That salon can absorb January without stress. The salon that starts in Year 3 "when things settle down" is three years behind, has absorbed three bad Januaries on credit or personal funds, and is starting from zero.

The opportunity cost of waiting is not just the missing reserves — it's the missing interest, the avoided overdraft fees, and the decisions you made from a position of financial panic that you wouldn't have made from a position of security.

Start with whatever percentage is sustainable. If 5% feels impossible, start with 2%. The habit matters more than the amount in Year 1.

CONNECTING THE SAVINGS SYSTEM TO THE BALANCE SHEET

The Three-Bucket System directly improves your balance sheet:

- Bucket 1 increases your **current assets** (cash) and improves your **current ratio**
- Bucket 2 grows as a **non-current asset** (designated capex fund)
- Bucket 3 builds toward a **growth investment** that appears as an asset when deployed
- All three buckets increase **equity** — the business is worth more because it has more net assets

A salon owner who runs the savings system for three years will have a materially better balance sheet than one who earns the same revenue and spends it all. That stronger balance sheet is what a bank looks at when you apply for a loan for the second location, what a buyer evaluates if you ever want to sell, and what your accountant references when advising on entity structure.

The P&L tells the story of this year. The balance sheet tells the story of everything.

> ↓ **Download: 05-savings-system-tracker.xlsx**
> Three-bucket tracker · monthly allocation calculator · balance builder chart · India liquid fund comparison tab · US HYSA comparison tab
> **modernsalonowner.com/downloads**

> ↓ **Download: 05-savings-system-model.xlsx** *(pre-filled example)*
> Year 1–3 savings projection for a ₹50L and a $25K/month salon — see the compound effect of starting on day one
> **modernsalonowner.com/downloads**

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Extended Appendix: Downloads, Model Sheets, and Print Resources

> *Every template in this book is available at modernsalonowner.com/downloads — free, no email required. Model sheets and print-ready PDFs are listed separately below.*

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What's New in the Extended Appendix

The original appendix (Appendix A–G) covers the 15 core Excel templates. This extended section adds three new resource types that readers consistently ask for:

Model Sheets — Pre-filled versions of key templates using realistic fictional salon data (one Indian salon, one US salon). See what good numbers look like before filling in your own. Every blank template now has a corresponding model.

Print-Ready PDFs — Single-page, printer-friendly versions of the dashboards and checklists designed for desk or wall use. No laptop required for the weekly check.

Google Sheets Versions — Cloud-based versions of the core tracking tools, shareable with your accountant or bookkeeper without emailing files.

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New Templates (Chapters 12–13)

05-balance-sheet-template.xlsx

Salon-specific balance sheet with pre-built categories for all common salon assets and liabilities. Auto-calculates current ratio, debt-to-equity, and inventory turnover. Quarterly comparison view. Depreciation schedule tab.

05-balance-sheet-model.xlsx *(pre-filled)*

Completed balance sheets for a fictional Indian salon (Priya's Salon, Pune — ₹42L annual revenue, 3 stylists) and a fictional US salon (Meridian Studio, Austin — $190K annual revenue, 4 stylists). Includes narrative notes explaining each line item.

05-savings-system-tracker.xlsx

Three-bucket tracker with monthly allocation input, running balance per bucket, target vs. actual chart, and a simple alert when Bucket 1 falls below the target level. India and US instrument comparison tabs included.

05-savings-system-model.xlsx *(pre-filled)*

Year 1 through Year 3 savings projections at 2%, 3.5%, and 5% allocation rates. Shows the difference in reserve balance at the start of each January — the month when it matters most.

Model Sheets: Complete List

Every core template now has a model (pre-filled) version. Models use consistent fictional salons — Priya's Salon (India) and Meridian Studio (US) — so the numbers are internally consistent across all sheets.

TEMPLATE	MODEL FILE	SALON USED
8-Number Dashboard	05-8-number-dashboard-model.xlsx	Both
Cost Per Service Calculator	05-cost-per-service-model.xlsx	Both
Service-Level P&L	05-service-pl-model.xlsx	Both
Price Increase Modeller	05-price-increase-model.xlsx	Both
Inventory PAR Tracker	05-inventory-par-model.xlsx	Priya's Salon
Capacity Utilisation Calculator	05-capacity-model.xlsx	Both
Cash Flow Calendar	05-cashflow-model.xlsx	Both
Budget Builder	05-budget-model.xlsx	Both
Balance Sheet	05-balance-sheet-model.xlsx	Both
Savings System Tracker	05-savings-system-model.xlsx	Both

Model files are named `*-model.xlsx` throughout. Blank templates retain their original names.

Print-Ready PDFs

These are one-page, printer-optimised versions designed for use away from the screen. Print and laminate for the desk, post in the back office, or hand to a manager.

05-weekly-dashboard-print.pdf

The 8-Number Dashboard condensed to a single A4/Letter page. Fill in by hand each week. Includes benchmark ranges printed in the margin. Designed for owners who prefer pen-and-paper tracking.

05-monthly-checklist-print.pdf

The monthly numbers review as a one-page checklist: POS cross-check, P&L category review, cash position check, metric comparison vs. prior month. Tick boxes included.

05-quarterly-review-print.pdf

The quarterly planning agenda (from Chapter 10) as a one-page agenda sheet. Print before each quarterly session. Prompts for: actual vs. budget review, pricing check, team review, forward plan. Space for handwritten notes.

05-price-increase-checklist-print.pdf

The 5-step price increase process as a decision checklist. Walk through it before every price change. One page, print once, reuse.

05-annual-budget-print.pdf

The annual budget summary — revenue, costs, and net margin — as a one-page snapshot to post in the back office. Reminder of the year's targets without opening a spreadsheet.

05-balance-sheet-print.pdf

A simplified, print-ready balance sheet with the three ratios pre-formatted. Fill in quarterly. Designed for owners who want to track the balance sheet without their accountant present.

05-savings-tracker-print.pdf

Three-bucket savings tracker as a one-page chart. Mark each month's allocation and running balance by hand. Visual progress bar for each bucket toward its target.

Google Sheets Versions

All core tracking sheets are available as Google Sheets templates. Copy to your own Google Drive — no download, no Excel required. Updates automatically across devices.

Access all Google Sheets versions at: **modernsalonowner.com/tools/google-sheets**

Available as Google Sheets:

- 8-Number Dashboard (with per-stylist tab)
- Service-Level P&L
- Cash Flow Calendar
- Budget Builder
- Balance Sheet
- Savings System Tracker

> *Note: Google Sheets versions are functionally identical to the Excel versions. Some advanced formatting differs slightly. For sharing with an accountant or bookkeeper, the Google Sheets version is recommended — share access directly, no email attachment needed.*

APPENDIX H

The Two New Frameworks at a Glance

The Balance Sheet Snapshot (Quarterly)

Run this four times a year, ideally after the month-end bank reconciliation:

1. Update cash balance from bank statement
2. Count or estimate inventory value
3. Log outstanding gift voucher liability from POS
4. Check loan balances
5. Calculate: Current Ratio, Debt-to-Equity, Inventory Turnover
6. Compare to prior quarter — is equity growing?

Time required: 30–45 minutes once the template is built. First time: 2–3 hours.

The Savings System Setup (Once, Then Automatic)

1. Open a separate business savings account (or liquid fund folio for India)
2. Calculate 5% of last month's average revenue
3. Set up a standing order / recurring transfer for the 1st of each month
4. Name the account: Emergency Reserve
5. Set Bucket 1 target: 6 weeks × monthly fixed costs
6. When Bucket 1 is full, open Bucket 2 and adjust the split

Time required: 2 hours to set up. Then 10 minutes per month to check the balance.

APPENDIX I

Updated Consolidated Checklist

05-consolidated-checklists-v2.xlsx

Updated version of the consolidated checklist from the original Appendix G, now including:

- Weekly 8-Number Dashboard check (15 minutes)
- Monthly service P&L review (30 minutes)
- **Monthly savings allocation check (10 minutes)** *(new)*
- Quarterly pricing review
- **Quarterly balance sheet snapshot (45 minutes)** *(new)*
- Annual planning cycle (4 sessions)
- Annual accountant review
- Price increase process checklist
- POS audit checklist

A Note on Using Model Sheets

The model salons — Priya's Salon (Pune) and Meridian Studio (Austin) — are fictional but their numbers are realistic. Priya's runs at ₹42L annual revenue with a 68% rebook rate and a current ratio of 1.4. Meridian runs at $190K with a 71% rebook rate and a current ratio of 1.7.

Neither is exceptional. Both are well-run. The point of the model sheets is not to show aspirational numbers — it's to show what a competently-managed salon looks like numerically, so you can compare your own figures against a realistic baseline rather than an idealised one.

Where your numbers diverge from the model, ask why. The gap is usually where the work is.

> *[End of File 5: Part V · Chapters 12–13 + Extended Appendix]*

[Book 5 Extended — The Salon Numbers Book]

> *Total manuscript: ~27,400 words · 13 chapters + intro + full appendix · 25+ templates + 7 print PDFs + Google Sheets suite*

Resources & Downloads

Every framework in this book has a working template — a spreadsheet or a checklist — that you can pull down for free. No email signup required.

VISIT · NO EMAIL REQUIRED

modernsalonowner.com/downloads

SECTION A — CORE KPI DASHBOARD

TEMPLATE 01

The 8-Number Dashboard

Track all eight core KPIs in one view — weekly, monthly, and rolling 12-month.

`04-8-number-dashboard.xlsx`

TEMPLATE 02

Average Ticket Tracker

Weekly tracking by stylist, service type, and day-part — spot the real patterns.

`04-average-ticket-tracker.xlsx`

TEMPLATE 03

Capacity Utilisation Calculator

Model available chair-hours vs. booked hours. Identify your real revenue ceiling.

`04-capacity-utilization-calculator.xlsx`

SECTION B — PRICING & COST

TEMPLATE 04

Cost-Per-Service Calculator

Full allocation of labour, product, overhead, and time cost per service line.

`04-cost-per-service-calculator.xlsx`

TEMPLATE 05

Service-Level P&L Worksheet

Run a separate P&L for your top five services. See which ones actually make money.

`04-service-level-pl-worksheet.xlsx`

TEMPLATE 06

Inventory Par Tracker

Set par levels by product, track actual vs. par, and flag over-ordering.

`04-inventory-par-tracker.xlsx`

TEMPLATE 07

Price Increase Modeller

Model the revenue impact of price changes before you announce them.

`04-price-increase-modeller.xlsx`

SECTION C — FINANCIAL MANAGEMENT

TEMPLATE 08

Cash Flow Calendar

13-week rolling cash forecast. See shortfalls before they become crises.

`04-cash-flow-calendar.xlsx`

TEMPLATE 09

Budget Builder

Zero-based monthly budget with variance tracking vs. actual.

`04-budget-builder.xlsx`

TEMPLATE 10

Retail Margin Calculator

Model margin at every price point. Know your minimum viable retail price.

`04-retail-margin-calculator.xlsx`

TEMPLATE 11

Benchmark Comparison Sheet

Compare your KPIs against industry benchmarks across five salon size bands.

`04-benchmark-comparison-sheet.xlsx`

SECTION D — REVIEWS & PLANNING

TEMPLATE 12

Weekly Numbers Review

Structured 20-minute weekly review template — never miss a trend again.

`04-weekly-numbers-review.xlsx`

TEMPLATE 13

Annual Planning Calendar

Twelve-month financial planning grid with seasonal adjustment prompts.

`04-annual-planning-calendar.xlsx`

TEMPLATE 14

Accountant Brief Template

Structured brief for your quarterly accountant meeting — in their language.

`04-accountant-brief-template.xlsx`

SECTION E — EXTENDED MODELS

TEMPLATE 15

Balance Sheet Template

Simplified salon balance sheet — assets, liabilities, and owner's equity.

`05-balance-sheet-template.xlsx`

TEMPLATE 16

Balance Sheet Model

Worked example with annotations for each line item.

`05-balance-sheet-model.xlsx`

TEMPLATE 17

Savings System Tracker

Four-bucket savings system — tax, equipment, growth, and owner's reserve.

`05-savings-system-tracker.xlsx`

TEMPLATE 18

Savings System Model

Worked model showing how to allocate from gross revenue each month.

`05-savings-system-model.xlsx`

SECTION F — FULL WORKING MODELS

TEMPLATE 19

8-Number Dashboard Model

Pre-populated model with sample data — see what a healthy salon looks like.

`05-8-number-dashboard-model.xlsx`

TEMPLATE 20

Cost-Per-Service Model

Worked cost model for a five-service salon with all allocations visible.

`05-cost-per-service-model.xlsx`

TEMPLATE 21

Service P&L Model

Full service-level P&L across colour, cut, treatment, and retail.

`05-service-pl-model.xlsx`

TEMPLATE 22

Price Increase Model

Scenario comparison: 5%, 10%, 15% price increase against current revenue mix.

`05-price-increase-model.xlsx`

TEMPLATE 23

Cash Flow Model

13-week cash flow model with built-in seasonal adjustment factors.

`05-cashflow-model.xlsx`

SECTION G — CONSOLIDATED CHECKLISTS

TEMPLATE 24

All 13 Chapter Checklists

Every chapter checklist in one place — monthly review tool.

`04-consolidated-checklists.xlsx`

TEMPLATE 25

Extended Appendix Checklists v2

All checklists from the extended appendix chapters — implementation guide.

`05-consolidated-checklists-v2.xlsx`

All 25 resources are free, regularly updated, and require no email signup.

modernsalonowner.com/downloads

Most salon owners open their POS at the end of the month, look at the revenue number, decide things are fine or not fine, and close the tab. This book is the system that changes that.

The Salon Numbers Book teaches you the eight metrics that determine whether your salon is genuinely healthy — not just busy — and gives you the tools to track them in fifteen minutes a week. From cost per service to balance sheet literacy, from price increase modelling to a savings system built for the slow months, this is the financial operating manual your salon has always needed.

WHAT'S INSIDE

- The 8-Number Dashboard
- True cost per service
- Cash & voucher management
- Annual planning cycle
- Service-level P&L
- 5-step price increase
- Balance sheet basics
- Three-bucket savings system

THE MODERN SALON SERIES

01 **The Modern Salon Owner's OS** *— systems, operations, daily rhythm*

02 **The WhatsApp Lead Engine** *— new clients on autopilot*

03 **The Salon Retention Playbook** *— rebook, retain, reactivate*

04 **The Stylist Who Stays** *— hiring, comp, culture*

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Numbers

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Author · The Modern Salon Series

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