



HEALTH FITNESS DYNAMICS, INC.

"Planning & Managing Health Spas For Fine Hotels & Resorts"

HFD'S 18 P'S FOR A PROFITABLE SPA

Judith L. Singer, Ed.D., ISHC, President & Co-Owner Health Fitness Dynamics, Inc. (HFD)

When my business partner, Patty Monteson, and I started our spa consulting company Health Fitness Dynamics, Inc. (HFD) in 1983, our focus was to help developers, owners, operators and asset managers create, develop, market and manage spas that were profit centers in and of themselves, as well as marketing tools for their "core" business which was to sell hotel rooms and/or real estate. We always believed that spas were an economically viable business if they were properly planned, marketed and managed.

Here are a few recommendations on how spas can be economically viable business ventures that are focused on the guest, the staff and the owner/operator.

PLAN

You must plan the spa to be:

1. Operationally efficient for the staff.
2. Comfortable, private and stress-free for the guests.
3. Non-labor intensive for the operator.

PROGRAMS

People typically go to a spa because they want an experience...this is very different from just taking a treatment. The experience is made up of a multitude of factors that include spa treatments, facilities and hospitality.

1. Create a Concept: Think of this as creating a Broadway play. Everything you do needs to be thoughtfully designed and executed so the audience (guests) becomes raving fans.
2. More is Not Necessarily Better: Be careful not to create what amounts to the encyclopedia of spa services.

3. Competitive Pricing: Look at what everyone else is charging, the length of the treatments, the overall experience, etc. then determine what you can charge in relationship to the experience you offer.
4. If You Charge More, Offer More: If you can create an exceptional, “knock your socks off,” “WOW” experience, people will pay for it.
5. Don’t Discount...Do Value-Added: Offer value by doing add-ons or with give-aways,
6. Gift Cards/Certificates: You want people to use their gift cards. You need people to come in if you want them to come back.
7. Up-Sell and Link-Sell to Create an Experience: People should have an experience and not just a treatment. Think what you can do to create a memory and a “wow.”

PACKAGES

When you package the spa, you want to think in terms of how you can maximize the utilization of all areas within both the spa and resort; therefore, consider 2 types of packages:

1. Spa treatment packages.
2. Resort spa packages.

PRICE

Spas have typically been planned and marketed to the wealthy so prices have been high. A client once told us “the rich will make you poor, the poor will make you rich.”

1. Know your value proposition so people are not judging you just on price.
2. Be competitively positioned.
3. To offer an exceptional, memorable experience.
4. Fairly compensate your staff.
5. Have the appropriate profitability factor for every treatment.

PURPOSEFUL

Spa owners/operators need to make sure they understand the needs and desires of their guests so that the spa experience is market-driven and trend-sensitive.

1. Many guests feel the need to justify going to a spa; therefore, the experience needs to be relevant and results-oriented.
2. Make sure you offer an experience that is “on-trend” rather than “trendy.”
3. People want to feel that the time and money they spend in the spa will be worth their investment.

PERSONALIZE

Guests want to feel they are the “center of attention” and that they have a say in creating the experience they want rather than one that is easy for the staff to provide.

1. It is important to meet the needs, interests, budget and time restrictions of your guests.
2. Guests do not want to feel that the spa experience is a de-personalized, homogenous experience.
3. Try to provide a guest-centric environment where the staff are trained and empowered to customize and modify services.
4. People want it “their way” not your way or they will take the highway to the next spa in order to get their own *Special Personalized Approach (SPA)*.

PLEASURE

Spas should be pleasurable.

1. Create a design flow that is stress-free for the guests and operationally efficient for the staff.
2. Offer options in selecting music, colors, lighting and temperature so they can enhance the desired feeling that can be anything from feeling relaxed or re-energized.
3. Select robes and slippers that are comfortable and flattering.
4. Have enough comfort zones so that people can find places for “me” time and/or “we” time.

PAMPER

Some people think this is a “bad” word because it connotes self-indulgence. People should not think of themselves as being “selfish” if they are taking care of themselves. Spas have an opportunity to re-define pampering in a more positive and beneficial way.

1. Anticipate, deliver and exceed the guests’ expectations so that guests can relax, reduce stress and “let go” of the need to always be in control or in charge.
2. Offer a “time-out:” It is very common for people to constantly be “on the go,” multi-tasking, taking care of everyone except themselves, etc.
3. Provide services that not only feel good but also have a health and healing or wellness benefit.

PROMOTE

You need to pro-actively let people know who you are, what you do and how you are different from and better than your competitors. Remember the saying “if you build it, they will come.” Well, don’t expect this to happen!!!! You need to constantly have a front-of-mind presence with your market so when they “think spa,” they think of your spa. Once they are in the door, the focus needs to be on establishing the relationship and creating the bond if you want to have loyalty and retention. Your marketing efforts should be targeted to these primary markets:

1. Internal guests can use the spa as a vacation and/or conference enhancer.
2. External guests can use the spa as part of their wellness program and/or as a “day-cation” for a little “me” time or “we” time for celebrations and special occasions.

PRE-SELL

You want to pre-sell as many appointments as possible. If you wait for the impulse guest, it will be impossible to have a profitable spa because you will not be able to properly control your staffing schedule and payroll. Plan your pre-sells script for each market:

1. Hotel Social/Leisure Guests.
2. Hotel Group/Conference Guests.
3. Community.

PRODUCTS

It is important to select products that provide noticeable results, have retail potential, are embraced by the staff, have the appropriate profit margin for the owner/operator and offer a strong training and support program.

When selecting a product line, evaluate the product as well as the company. The product company should be your partner by offering the following:

1. On-going training programs for treatments and product knowledge.
2. Cooperative advertising materials and programs.
3. Retail merchandizing assistance in setting up retail displays and training the staff.
4. Liability insurance.
5. Product buy-back programs and low minimum orders.

When selecting products, consider all the options:

1. Branded Product Lines.
2. Private Label and Custom-Designed Products.
3. Retail as an Annuity.
4. Mail and E-Order.
5. Re-Order...Don't Run Out

PEOPLE: YOUR GUESTS

The spa business is a people business, e.g., everything you do revolves around your guests.

1. Invest in Your Guests.
2. Invest in Your Community.

PEOPLE: PERSONNEL

While the hardware (the spa facility) provides the curb appeal, it's the software (the spa staff) that is the heart and soul of your business. Your staff are your most important asset because spas are about the relationship between your staff and your guests. It is important, therefore, to select, train and retain the best team possible.

1. Hire Well.
2. Provide On-Going Training.
3. Cross-Train.
4. Let your team know they are important.

PRIDE & PASSION

It is important to hire people who not only have the right credentials and attitude, but are also proud and passionate about everything they do.

1. The staff should love what they do, want to make a difference in the lives of everyone they touch, love to learn and grow personally and professionally, and go "above and beyond."
2. When your staff are proud and passionate, they can create an extraordinary guest experience.
3. When the staff exhibit passion, this helps to establish your spa as a place that has a wonderful spa team. The spa experience is really more about the connection between people than the bricks and mortar.

PAYROLL

If you do not control payroll, it's unlikely that your spa will be profitable. Payroll is the spa's most costly expense; therefore, it is critical to have the right compensation program. There are many ways to pay your service providers to show that they are valued and that your success is their success.

1. Compensation Program: There are many options that can be used for your full-time, part-time and on-call service providers. HFD recommends a four-tier compensation program: base hourly rate; flat rate productivity incentive; automatic gratuity; and retail commission.

2. Team Incentives: When everyone works together to achieve departmental and team goals, there can be greater earnings for the service providers as well as for the spa supervisors and managers.
3. Benefits: Think about a benefits menu so that your staff can select what is important to them.

PRODUCTIVITY

Since labor is the most costly expense and because the staff are your most important asset, it is critical to make sure you understand how to properly staff your spa.

1. Measure and Monitor Productivity.
2. Offer Incentives.

PFUN

It is important for the spa to be a place that is enjoyable for both the guests and the staff.

1. Spas sometimes are very “serious.” Never lose sight of the fact that people like to have fun and that being at your property.
2. Promote the “feel good experience” so your guests feel and look better when they leave than when they arrived.
3. While spas can be an escape from reality and/or change your life, they are always places that create joy.

PROFIT

HFD has used the above P’s to help create over \$700 million of successful spa ventures. They will work for you as they have for us.

1. You need to believe in the fact that spas can be economically viable business ventures.
2. The potential for profit does exist, but it takes a dedicated, business-oriented leader to put the P’s into action so that the profit potential becomes a reality.
3. Make sure the staff understand your vision and expectations and that they are prepared for and have the tools to contribute to your success as well as theirs.

Your success is very possible when you have the right product, people and plan. Enjoy the challenge and the rewards of creating, marketing and managing a successful spa by focusing on the 18 P's for a Profitable Spa...and don't forget to have PFUN along the way.

Judith L. Singer, Ed.D., ISHC, President & Co-Owner Health Fitness Dynamics, Inc. (HFD)

BYLINE: Judith L. Singer, Ed.D., ISHC, is the President & Co-Owner of Pompano Beach, Florida-based Health Fitness Dynamics, Inc. (HFD) (www.hfdspa.com) an internationally recognized spa consulting company that specializes in the planning, marketing and management support services of spas for fine hotels and resorts, day spas and mixed-use developments. HFD is actively involved in conducting economic and consumer spa research. Since its inception in 1983, HFD has been the consulting firm to over \$700 million of completed spa projects. A partial list of clients includes: Banyan Tree Mayakoba, Mount Washington Resort, The Umstead Hotel and Spa, Rosewood Mayakoba, Canyon Ranch in the Berkshires, Little Dix Bay, Four Seasons Hulalai, Miraval, Malliouhana, Cranwell, Pinehurst, The Homestead, The Greenbrier, Bacara, Silverado and the Delano. Dr. Singer is the past chairperson of The International Society of Hospitality Consultants (www.ISHC.com) and was on the ISPA Committee for the inaugural edition of the *Uniform System of Financial Reporting for Spas*. As HFD goes into its 26th year of business, we are re-focusing our experience and expertise to help existing spas to be more marketable and profitable via management advisory services that include a variety of services, resources, alliances and a “spa tool kit” for profit maximization. Dr. Singer may be contacted at 954-942-0049 or judysinger@hfdspa.com.