

DECEMBER 2019

How to Retain Your Best Employees

zenoti
www.zenoti.com





Table of Contents

03 How to retain your best employees

04 Identifying your best employees

06 Identifying goals

07 Tracking performance

08 Good employees mean better business

HOW TO RETAIN YOUR BEST EMPLOYEES



50%

More than 50% of all organizations globally have difficulty retaining some of their most valued employee groups.

With the explosive growth in the spa and salon industry, spa and salon owners today are faced with increased competition, a shortage of talented professionals, and employees that have other opportunities readily available. Unlike other retail businesses, the relationship your employees create with your customers during treatments is not easily replaceable. One of the biggest challenges for you, as a spa owner, is to retain your best employees.

In this white paper, you'll learn how easy it can be to retain and motivate your employees.

A Very Real Threat to Your Business

All spa and salons look to boost productivity, reduce costs, increase margins and 'wow' their customers. The challenge in doing so is to retain the employees that help you meet these goals. In an industry driven by personalized service and relationships, it's the quality and consistency of service your employees deliver that enables you to keep 'wowing' customers. Few industries have such a strong affinity between employees and customers, which make good employees a crucial factor in the success of your business.

With an industry attrition rate of 30%, spas and salons spend significant time and money to hire and train new employees. Losing good employees not only leaves you with a skill drain and the need to find a replacement, but also gives your competition a leg up!

Industry surveys indicate 5 common reasons why employees leave:

- unfair compensation for performance
- lack of HR policies
- too few growth opportunities
- unfair treatment from their manager
- personal reasons

While personal reasons are unavoidable, there are a number of employee retention factors that you can control and it's surprisingly simpler than most managers believe.



200%

The cost to replace a highly-trained employee can exceed 200% of their annual salary.

Identifying your best employees

Assume that you can't be at your spa 24/7 and rely on your manager for day-to-day operations. If you asked your manager to identify the best performers, would his response match your expectations?

If you then asked him how he identified his best performers, would you hear responses like "Raj is well trained and highly skilled" or "a lot of people think Kat is good"?

While these are good indicators, feedback is often subjective and runs the risk of bias.

Managers intend to be fair and consistent when rating employees, but hectic day-to-day running of the business and lack of the right measures leave much to the discretion of the manager. This can lead to faulty decisions and leave many employees feeling unrecognized and a sense of unfairness.

Providing transparency

It's fair to say that every employee comes in to work to do their best. They look to you, the owner, or the manager for support and to set expectations.

If you can identify and communicate what you expect from your employees, they will have clear goals to aim towards. Just as importantly, you and managers have clear goals to measure employees against.

Employees will work in confidence that if they achieve those goals, they will be recognized and rewarded, and gain a sense of fairness in your evaluation of their performance.



Employees are at the center of what makes our businesses successful. Our ability to invest in them and give them the tools they need to help us grow our business is directly connected to their satisfaction and willingness to stay.

Sudheer Koneru
CEO, Zenoti



70%

More than 70% of high-retention-risk employees say they'll have to leave their organization to advance their career.

Identifying goals

By providing goals, you provide a level of transparency to both manager and employees on how performance is evaluated.

In order to identify goals, first consider what makes a good employee. For example, you might expect a good employee to be someone who handles guests professionally, is highly skilled at treatments, and has consistent, positive interactions with customers.

While these indicators are meaningful, they are subjective and difficult to track. The best goals can be easily measured and tracked. The following goals capture employee professionalism, overall value and customer satisfaction.

Attendance: Employees who regularly come in to work on the days they are scheduled are reliable. Good attendance also reflects professionalism. You may expect your employees not to miss any working days, in which case your goal would be 100% attendance.

Punctuality: In the spa and salon industry, therapists that come in late can cause chaos to schedules and often results in customer dissatisfaction. Punctuality not only is required for good operations but also reflects professionalism. You may expect your employees to always be punctual, in which case your goal would be 100% punctuality.

Utilization: Utilization indicates the percent of time in a day the therapist spent working with a guest. In other words, a busy therapist has a high utilization. A goal of 50% typically balances out peak and non-peak hours.

Revenue: Revenue indicates how much money your therapist contributes. This goal varies from business to business depending on size and Monthly revenue. Set a reasonable goal for each therapist.

Customer Satisfaction: Therapists who maintain high customer satisfaction are likely to build customer loyalty. This goal measures the average rating from customers.

Ratings are most commonly collected from feedback forms. Look at the rating system used on your forms and select a reasonable goal. You could set the goal for the employee to maintain an average high rating, or even to ensure that an employee should not receive more than five poor ratings per month.

Customer Retention: Customer retention measures the ability for your therapist to get new or existing customers to come back for a next visit. This is a strong indicator of employee performance.

Do you expect your therapists to retain five out of every 10 new visitors? If so, set the goal for customer retention at 50%, or adjust to a level that makes sense for your business.

These six goals provide a comprehensive set of indicators to evaluate employees. While there are subjective ways to evaluate performance, these goals do an excellent job of measuring employee performance objectively and fairly.

The next step now is to determine how you go about tracking performance.



75%

Highly engaged employees are 75% less likely to be looking for a job compared to actively disengaged employees.

Tracking performance

You may choose to track employee performance manually. Attendance can be gathered from employee schedules and rosters, punctuality from time clocks or registers, utilization from your appointment book, revenue from your POS or billing system and appointment book. Customer satisfaction can be gathered by collating data from customer feedback forms and customer retention would require a guest registry and appointment book.

Doing the calculations manually, however organized you are, could cost many man hours. Luckily, in today's digital age, software tools can easily track performance without any additional effort from you.

Softwares like ManageMySpa, provide easy to understand reports that help you monitor performance at a glance. You save time from having to run manual calculations and also require little effort to monitor employee performance.

In fact, managers may choose to look at performance reports 10 minutes before a weekly staff meeting!

Motivate your employees

By clearly identifying, sharing and tracking performance, you can easily identify good and poor performers. With the confidence in the accuracy of this data, use this data to motivate your employees. Two highly effective methods for motivation include acknowledgment and remuneration incentives. As employee evaluation is fully transparent, unbiased, and use metrics that have been bought-into by employees, you'll gain more credibility in reward and remuneration programs. Consider using performance data to support:

Employee Awards: With a number of goals and data available, set up interesting awards – things like “Best Attendance”, “Employee of the Month” or even “Most Improved”. Acknowledging employees at regular intervals and doing so publicly serve as a powerful motivation tool. Awards boost morale and make others aspire for the same recognition. Use monthly or quarterly awards to recognize different employees and annual awards for the most consistent performers.

Monthly Incentives: Incentives can be used as bonuses for individuals or groups that meet goals. You may also choose to incorporate incentives as part of the employee compensation plans.

Salary and Compensation: Performance goals reflect the actual skill and value an employee brings to your business. Use this data during annual salary and compensation reviews.



Good employees mean better business

Good employees build a strong, loyal customer base, which your business survives on. Combined with the cost of hiring and retraining, employee retention is a crucial factor to the success of your business. Identifying and sharing measurable goals with your employees provides a transparent and unbiased method to retain and motivate employees. It's easier than you might think to implement a strong retention and motivation strategy in place. Using management software like ManageMySpa can help you achieve outstanding results, while requiring little more than 5 minutes a week to review reports!

About Zenoti

Zenoti is the most advanced cloud-based, business software for spas, salons, and medi-spas. Trusted by 5000+ spas and salons across the world.

www.zenoti.com

zenoti

