



Platinum Hair Salon

Business Plan

2020 - 21



John Doe



10200 Bolsa Ave, Westminster, CA, 92683



(650) 359-3153



support@upmetrics.co



<https://upmetrics.co>

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Executive Summary

Business Overview



TIP

Platinum Hair is the only salon to have professional hair services for men and women. Apart from the hair services Platinum Hair the Salon offers a full line of hair products noted for their commitment to the environment. As a concept salon, Platinum Hair is allowed to carry products other salons do not. The front of the salon is committed to being a strong retail center, inviting shoppers to interact. The target is 35% of retail sales to service dollar sales. The

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Mission



TIP

Our mission as a hair salon company is to develop a highly successful, and profitable – all-round hair salon business which provides quality hairdressing and beauty services in our community and to become a standard for an ideal hair salon business not only in the State of Arizona but also throughout the United States of America and Canada where we intend selling our franchise.

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Vision



TIP

Our Vision is to become the number one mobile hair salon company in the whole of Arizona with an active presence in major cities in the United States of America and Canada.

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Our Services



Platinum Hair Salon Company is a standard and well – equipped hair salon company that offers a wide range of services that revolves around the Hair Salons industry and other complementary services. We intend to give our customers every reason to always hire our services which is why we have customized our services. Basically, our services will involve us going out to the services of clients’ needs.

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Goals and Objectives



Platinum Hair’s objectives for the first three years of operation include:

- The creation of a unique, upscale, innovative environment that will differentiate Platinum Hair from other local beauty salons.
- Educating the community on what the company has to offer.
- The formation of an environment that will bring people together

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Keys to Success



Location - salon located on the main street between Ealing and Greenford - provides easy access for Polish customers as well as greater visibility to potential clients.

Advertising - will get our name and the concept of Hair services out to the public.

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Business Overview



The Platinum Hair will provide a wide range of hairdressing and cosmetics services and products as well as sunbathing services. What will set the salon apart from any competition is our commitment to continued education, providing the latest hair care and beauty techniques, along with other related services, at a convenient location.

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Ownership



LAURA DOE

Owner & Artistic Director Laurad@example.com

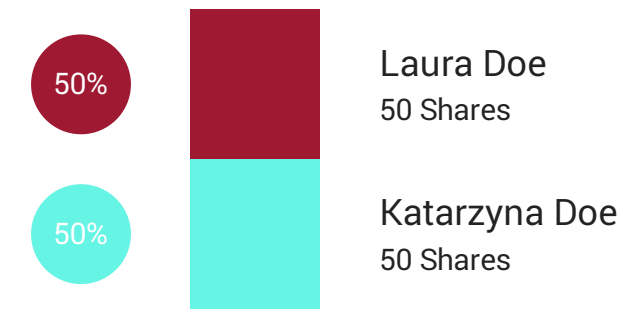
Laura has been working as a sole trader providing beautician service in the UK, as well as in Poland. All in all, she has more than 10 years of experience in this field. Laura has been a Beauty Therapist for 10 years. After studying at Mary Reid School of Beauty, she quickly developed the trade skills that have led to her success. Laura worked from home for eight years and built up a good client base. After working from home, She loves dealing with people and has the drive, ambition and discipline to manage the business and its employees.



KATARZYNA DOE

Co-Owner & Nail Technician Katarzynad@example.com

Katarzyna has been working successfully with a diversity of clientele for around five years now, specializing in nails care and extensions.





The Company Platinum Hair LLC was established on the 28th of March 2016 by Ms. Laura Smuniak and Ms. Katarzyna Pech, having 50% of shares each. In the future, they are both going to take additional courses in order to raise their qualifications and provide more professional service.

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Legal Business Description



The legal name of the company is Platinum Hair LLC. The legal form of the business is LLC. Refer to article papers submitted to the state, June 26, 1997. The business location is in downtown Green Bay, Wisconsin.

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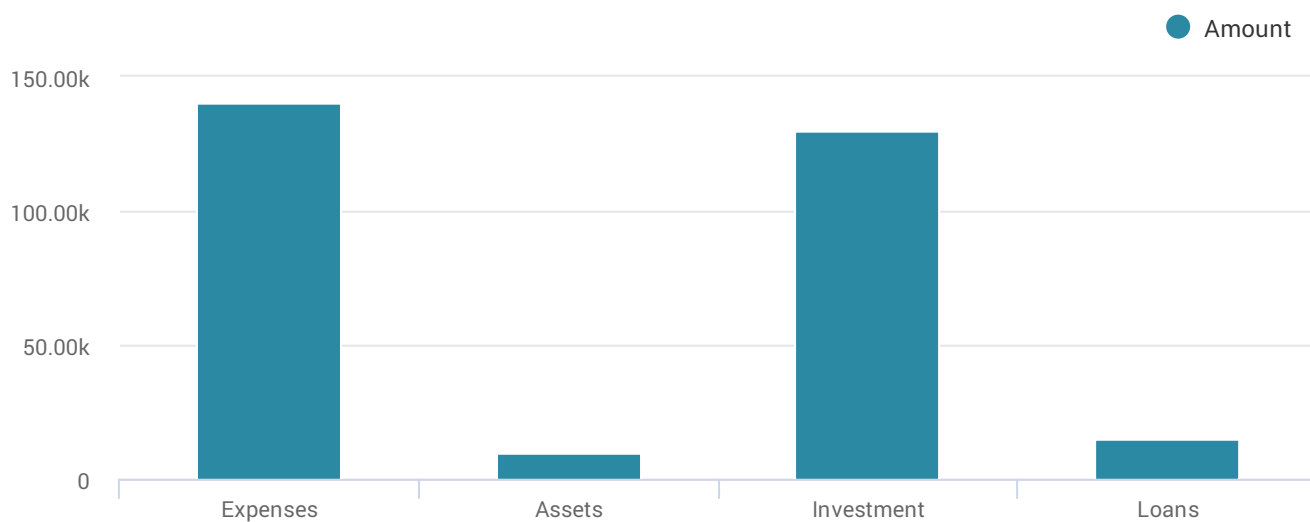
Startup Summary

After spending several months searching for a salon to purchase, the owners decided to start a salon from the ground up. The start-up capital will be used for the design, leasehold improvements, and equipment of the salon.

Startup	Amount
Requirements	
Start-up Expenses	[Amount]
Rent deposit	[Amount]
Inventory	[Amount]
Equipment	[Amount]
Supplies	[Amount]
Advertising	[Amount]
Insurance	[Amount]
Building Expense	[Amount]
Total Start-up Expenses	[Total Amount]

Startup	Amount
Start-up Assets	
Cash Required	[Amount]
Other Current Assets	[Amount]
Long-term Assets	[Amount]
Total Assets	[Total Amount]
Total Requirements	[Total Amount]

Startup



Costs & Funds	Amount
Expenses	140000
Assets	10000
Investment	130000
Loans	15000

Hiring Plan



TIP

There will be initially two hairstylists employed, one who will be the Manager of the salon. I would have another two hairdressers, on a self-employed basis paying \$3000 per week, however, I would like the two stylists initially to build up a client base then bring in more as we get busier.

We will also have a self-employed makeup artist who will be paying \$1500 per week. We will also require a Saturday Junior who will help with wash

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Location



TIP

The salon will be located on Portobello High Street in Phoenix. The salon is roughly 2000 square feet. The location of the salon is ideal as it is situated on the quieter side of Portobello, Joppa with easy parking.

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Products & Services



The Platinum Hair realizes that great customer service includes complete service under one roof. Platinum Hair will be providing both services and products to better meet our customer needs. Our services including hairdressing, body cosmetics, nail styling, and extensions, and sunbed are meeting our customer's high standard expectations.

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Products & Services

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Services



Hair

Cuts, relaxers, perms, colors, shampoo, conditioning, curling, reconstructing, weaving, waving.



Nails

Manicures, pedicures, polish, sculptured nails



Skin Care

European facials, body waxing, massage, peelings, facial masks, sunbed



The Platinum Hair will, upon commencement of operation, sell a range of hair and brow products. We will be providing quality hair and brow products. We will be using HD Brows as our product for our brow clients, which has a large celebrity following, and is a reputable provider, and is well branded. We will also be using L'Oreal hair products which we aim to gain an exclusive contract with to use and sell their top quality products. In addition, we will have o

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Products

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Market Analysis

Market Trends



TIP

Quite a number of distinct trends have emerged in recent times in the beauty industry which is why salons are positioning their organizations to attract all and sundry. As a matter of fact, this is one of the things that makes most nail studios to spruce up their creativity level so that they

In this type of business, one of the things that could possibly make out from the competitive crowd is having a top-notch customer service

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Target Market



TIP

The target market which we are all out to serve is primary the female folks. This is because of the fact that they are the ones who will leave no stone unturned in seeing that they look their best. Whilst some may do this to continue to be attractive to their partners, yet others cannot just do without looking good. As such, our target market cuts across all sectors. Also, our beauty salon will have a variety of practice areas to help budding n

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Market Segmentation



TIP

Platinum Hair has identified two market segments as follows:

1. **Local clientele**
2. **Out of town/Traveling clientele**

Platinum Hair feels that the most important target market is the local clientele from Phoenix, Arizona; however, the company is seeking to advertise

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Market Analysis

Potential Customers	Growth	Year1	Year2	Year3	Year4	Year5	CAGR
Local Customers	5%	1,888	1,982	2,081	2,185	2,294	4.99%
Out of Town Customers	5%	35,665	37,448	39,320	41,286	43,350	5.00%
Total	5.00%	37,553	39,430	41,401	43,471	45,644	5.00%

Customer Profile



Laura's typical client will be

- Between the age of 20 and 50
- Female and male however predominantly female
- Younger girls prior to nights out wanting their hair and makeup done
- Looking for reasonably priced services with a high level of luxury

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Competitive Summary



The Platinum Hair wants to set itself apart from other hair salons that may offer only one or two types of service. We want to offer hair, makeup, and brows in one location and to make it an experience. Young, fun, and on-trend. Laura realized from talking to clients that they desire all of the services we're proposing in one place so that a night out is getting home after being at Platinum Hair and all you have to do is put on your dress. For the c

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Competitive Advantage



A close study of the beauty industry reveals that the market has become much more intensely competitive over the last decade. As a matter of fact, it is becoming really tough to break even in this market because of the number of people who are in it. However, we are also aware that this hasn't deterred people from breaking even and smiling to the bank. This is one of the reasons why we have added other services that are beauty related, this is s

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Strategy and Implementation

Sales & Marketing Strategy



TIP

We are mindful of the fact that there is stiffer competition amongst nail salons in the United States of America; hence we have been able to hire some of the best business developers to handle our sales and marketing.

Our sales and marketing team will be recruited based on their vast experience in the industry and they will be trained on a regular basis so as to be equipped to meet their targets and the overall goal of the organization.

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Sources of Income



TIP

It is the wish of every business to generate income at all times and our salon is one of such businesses. The Platinum Hair salon is established with the aim of maximizing profits in the beauty industry and we are going to go all the way to ensure that we do all it takes to attract clients on a regular basis and sign retainer – ship with most of our clients.

Hence, there are several ways through which we plan to make this

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Sales Forecast



TIP

There will always be a need to do some business and sales forecasting as a business. This is because of the drive it gives one to achieve it. In the same vein, The Platinum Hair salon has several sale projections that we will be all out to achieve. For as long as there are female folks in Phoenix, we know that we will be able to reach our sales goals in no distant time.

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Pricing Strategy



One of the ways through which we know that we will be able to get more clients within a short period of time is when our pricing is on a moderate level. Being on the moderate level means that we are able to maximize profit in a way that doesn't put holes in the pocket of our clients. As such, we are looking at lowering our price a bit below that of our competitors, so that we can gain good ground in the market and become a household name and a force to

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Publicity and Advertising Strategy



We have been able to work with our in house consultants and other brand and publicity specialist to help us map out publicity and advertising strategies that will help us walk our way into the heart of our target market. We are set to take the consulting industry by storm which is why we have made provisions for effective publicity and advertisement of our beauty based business.

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Below are the platforms we intend to leverage on to promote and advertise

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Milestones

The milestones table and chart show the specific detail about actual program activities that should be taking place during the year. Each one has a starting date, ending date, and budget. During the year Platinum Hair will be keeping track of implementation against the plan, with reports on the timely completion of these activities as planned.

Milestone	Start Date	End Date	Budget	Manager	Department
Building Expense			\$25,000		Owners
Acquire Equipment			\$75,000		Owners
Supplies			\$20,000		Owners
Launch Advertising Campaign			\$5,000		Owners
Attain Inventory of Beauty Products			\$2,000		Owners
Totals			\$127,000		

Management



Platinum Hair will be organized and managed in a creative and innovative fashion to generate very high levels of customer satisfaction and to create a working climate conducive to a high degree of personal development and economic satisfaction for employees.

Training classes to help improve employee product knowledge and skills will be conducted on a regular basis. As the business grows, the company will

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The personnel plan calls for a receptionist who will greet customers and receive payments for services and products. Everyone but the receptionist will be contract workers and will be paid a sliding commission scale based on the amount of revenue created. Future plans include the hiring of an additional beauty stylist as the business expands.

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Personnel Plan

	Year1	Year2	Year3
Owner (Stylist)	\$24,000	\$25,000	\$26,000
Receptionist	\$14,400	\$15,120	\$15,876
Shampoo Tech	\$12,000	\$12,400	\$13,000
Total People	3	4	5
Total Payroll	\$50,400	\$52,520	\$54,876

Financial Plan



TIP

Platinum Hair's goal is to be a profitable business beginning in the first month. The business will not have to wait long for clients to learn about it since the stylists will already have an existing client base.

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Startup Costs

Starting a hair salon trade can be cost-effective; this is so because, on the average, you are not expected to procure any expensive machines and equipment. Basically what you should be concerned about is the amount needed to secure a standard office facility in a good and busy business district, the amount needed to furniture and equip the office, the amount needed to pay bills, promote the business, and obtain the appropriate business license and certifications.

Basically, this is the area we are looking towards spending our start-up capital on :

Expense	Amount
The Total Fee for incorporating the Business in New York	\$750
The budget for Liability insurance, permits, and license	\$2500
The Amount needed to acquire a suitable Office facility in a business district for 6 months (Re-Construction of the facility inclusive)	\$40,000
The Cost for equipping the office (computers, printers, fax machines, furniture, telephones, fittings, safety gadgets and electronics, hair equipment et al)	\$2000
The Cost of Launching your official Website	\$600
Budget for paying at least two employees for 3 months and utility bills	\$30,000
Additional Expenditure (Business cards, Signage, Adverts, and Promotions et al)	\$2,500
Miscellaneous	\$1,000

Going by the report from the research and feasibility studies, we will need about \$150,000 to set up a small scale but standard consulting firm in the United States of America.

Important Assumptions



The financials that are enclosed have a number of assumptions:

Revenues will grow at an annual rate of 15%, increasing 20% in November and December due to a historical jump in revenues at this time of year. The company anticipates this increase to stay steady throughout the following year to account for the normal flow of new clients coming into the salon. Estimates for sales revenue and growth are intentionally low, while anticipated expenses

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Profit & Loss Projections

	Year1	Year2	Year3	Year4	Year5
Revenues					
Product/Service-A	\$151,200	\$333,396	\$367,569	\$405,245	\$446,783
Product/Service B	\$100,800	\$222,264	\$245,046	\$270,163	\$297,855
Total Revenues	\$252,000	\$555,660	\$612,615	\$675,408	\$744,638
Expenses & Costs					
Cost of goods sold	\$57,960	\$122,245	\$122,523	\$128,328	\$134,035
Lease	\$60,000	\$61,500	\$63,038	\$64,613	\$66,229
Marketing	\$20,000	\$25,000	\$25,000	\$25,000	\$25,000
Salaries	\$133,890	\$204,030	\$224,943	\$236,190	\$248,000
Other Expenses	\$3,500	\$4,000	\$4,500	\$5,000	\$5,500
Total Expenses & Costs	\$271,850	\$412,775	\$435,504	\$454,131	\$473,263
EBITDA	(\$19,850)	\$142,885	\$177,112	\$221,277	\$271,374
Depreciation	\$36,960	\$36,960	\$36,960	\$36,960	\$36,960
EBIT	(\$56,810)	\$105,925	\$140,152	\$184,317	\$234,414
Interest	\$23,621	\$20,668	\$17,716	\$14,763	\$11,810
PRETAX INCOME	(\$80,431)	\$85,257	\$122,436	\$169,554	\$222,604
Net Operating Loss	(\$80,431)	(\$80,431)	\$0	\$0	\$0
Income Tax Expense	\$0	\$1,689	\$42,853	\$59,344	\$77,911
NET INCOME	(\$80,431)	\$83,568	\$79,583	\$110,210	\$144,693
Net Profit Margin (%)	-	15.00%	13.00%	16.30%	19.40%

Balance Sheet Projections

	Year1	Year2	Year3	Year4	Year5
ASSETS					
Cash	\$16,710	\$90,188	\$158,957	\$258,570	\$392,389
Accounts receivable	\$0	\$0	\$0	\$0	\$0
Inventory	\$21,000	\$23,153	\$25,526	\$28,142	\$31,027
Total Current Assets	\$37,710	\$113,340	\$184,482	\$286,712	\$423,416
Fixed assets	\$246,450	\$246,450	\$246,450	\$246,450	\$246,450
Depreciation	\$36,960	\$73,920	\$110,880	\$147,840	\$184,800
Net fixed assets	\$209,490	\$172,530	\$135,570	\$98,610	\$61,650
TOTAL ASSETS	\$247,200	\$285,870	\$320,052	\$385,322	\$485,066
LIABILITIES & EQUITY					
Debt	\$317,971	\$272,546	\$227,122	\$181,698	\$136,273
Accounts payable	\$9,660	\$10,187	\$10,210	\$10,694	\$11,170
Total Liabilities	\$327,631	\$282,733	\$237,332	\$192,391	\$147,443
Share Capital	\$0	\$0	\$0	\$0	\$0
Retained earnings	(\$80,431)	\$3,137	\$82,720	\$192,930	\$337,623
Total Equity	(\$80,431)	\$3,137	\$82,720	\$192,930	\$337,623
TOTAL LIABILITIES & EQUITY	\$247,200	\$285,870	\$320,052	\$385,322	\$485,066

Cashflow Statement

	Year1	Year2	Year3	Year4	Year5
CASH FLOW FROM OPERATIONS					
Net Income (Loss)	(\$80,431)	\$83,568	\$79,583	\$110,210	\$144,693
Change in working capital	(\$11,340)	(\$1,625)	(\$2,350)	(\$2,133)	(\$2,409)
Depreciation	\$36,960	\$36,960	\$36,960	\$36,960	\$36,960
Net Cash Flow from Operations	(\$54,811)	\$118,902	\$114,193	\$145,037	\$179,244

	Year1	Year2	Year3	Year4	Year5
CASH FLOW FROM INVESTMENTS					
Investment	(\$246,450)	\$0	\$0	\$0	\$0
Net Cash Flow from Investments	(\$246,450)	\$0	\$0	\$0	\$0
CASH FLOW FROM FINANCING					
Cash from equity	\$0	\$0	\$0	\$0	\$0
Cash from debt	\$317,971	(\$45,424)	(\$45,424)	(\$45,424)	(\$45,424)
Net Cash Flow from Financing	\$317,971	(\$45,424)	(\$45,424)	(\$45,424)	(\$45,424)
SUMMARY					
Net Cash Flow	\$16,710	\$73,478	\$68,769	\$99,613	\$133,819
Cash at Beginning of Period	\$0	\$16,710	\$90,188	\$158,957	\$258,570
Cash at End of Period	\$16,710	\$90,188	\$158,957	\$258,570	\$392,389

Business Ratios

Business ratios for the years of this plan are shown below. Industry profile ratios based on the Standard Industrial Classification (SIC) Index code 7231, Beauty Shops, are shown for comparison.

Ratio Analysis

	Year1	Year2	Year3	Industry Profile
Sales Growth	0.00%	35.61%	13.66%	3.38%
Percent of Total Assets				
Other Current Assets	14.01%	12.04%	10.05%	47.76%
Total Current Assets	41.52%	54.20%	65.47%	62.16%
Long-term Assets	58.48%	45.80%	34.53%	37.84%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	2.02%	2.18%	2.01%	24.44%
Long-term Liabilities	0.00%	0.00%	0.00%	22.82%
Total Liabilities	2.02%	2.18%	2.01%	47.26%
Net Worth	97.98%	97.82%	97.99%	52.74%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	93.20%	95.00%	95.53%	100.00%
Selling, General & Administrative Expenses	89.76%	76.40%	72.15%	69.91%
Advertising Expenses	8.24%	6.08%	5.35%	2.38%
Profit Before Interest and Taxes	4.91%	26.56%	33.41%	2.30%
Main Ratios				
Current	20.56	24.91	32.50	1.64
Quick	20.56	24.91	32.50	1.26
Total Debt to Total Assets	2.02%	2.18%	2.01%	60.85%
Pre-tax Return on Net Worth	3.15%	19.91%	23.73%	11.12%