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Global Hotel Network® Perspectives



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Spa Operations: Ten Essentials to Create a Positive Bottom Line

For many hotel and resort properties, spas have become an integral part of the site's amenity requirements. As spas are expensive to build and operate, a premium must be placed on how best to maximize revenue, control expenses and optimize the chances for a positive bottom line. A spa needs to be operated and promoted effectively if it is to achieve net operating profits while positively impacting the overall performance of the property.

Operating revenue can be generated from numerous sources. This includes income from spa services (massage, facials, body treatments, nail services and salon/beauty) from spa product sales and spa membership sales. It is crucial to develop a systematic approach to ensure that operational goals, both from a customer service and financial perspective are met.

There are numerous potential pitfalls when operating a spa. Ten areas of focus to create a successful launch and a positive bottom line include:

Staff Selection and Training: Finding and retaining qualified staff is a significant

challenge. This includes not only the Spa Director but service providers (therapists, estheticians, nail technicians, etc.). Offering consistent educational programs, training and support combined with benefits such as a staff break room to relax and on-site meals is vital to attracting and retaining a quality staff. All too often, hotels overlook the importance of allowing for a continuing education program and spaces within the spa to allow for staff relaxation. Another typical mistake is to hire the Spa Director based primarily on the person's resume without consideration given to the individual's "core qualities" (leadership and communication skills, business, acumen, enthusiasm, work ethic, etc.). A thorough training process should be in place as many Spa Directors and service providers are focused more on delivering a quality experience and less in the delivery of a positive bottom line. The operation of the spa needs to occur as a business unit. When you hire new staff, consider carefully these core qualities and not just the candidate's and past experience. This is the most important decision you will make. The right staff selection and continuous training will give your spa the best chance for success.

Efficient Scheduling of Staff is Crucial: The inefficient scheduling of staff can quickly lead to the demise of any spa from a financial perspective. The Spa Director needs to be cognizant of the importance of this issue so that the spa is capable of working with groups on a short timeframe and has a nimble approach to quickly respond to consumer demand. This should be a topic of discussion in weekly staff.



Better and More Efficient Use of Treatment

Rooms: Hiring therapists who are multi-skilled and treatment rooms that can serve in a multi-use fashion are significant pluses. Too many times, owners/developers design treatment rooms for one use and hire staff that does not have multidimensional skill sets. This is an operational mistake which can have negative financial implications. Massage treatment rooms can serve to provide skin care services while couples room can also become applicable for singles.

Emphasize Product Sales, Cross Marketing and Staff Training:

Another profit avenue not emphasized enough in spa operations is that of retail merchandising. Retail sales represent a healthy percentage of overall spa revenue; yet, this area is often a stepchild when designing or operating a spa. One should consider offering spa products as part of the hotel's retail outlet as well as part of the property's web site. This opportunity is lost on many hotel owners and operators. A system for continuous purchase opportunity needs to be established by the spa. Additionally, if you expect to have retail product sales impact your spa's bottom line, your Spa Director must continuously offer training and support to the staff. This is best done through creating a value proposition for the product line and educating therapists and estheticians. Finally, make sure that there is a separate link to the spa's web site so that hotel guests and day spa users can easily book a treatment or make a product purchase.

Getting the Word Out is Critical: Perhaps the single greatest error is the lack of a well

developed marketing and promotion plan. Many spa owners make the mistake of not thinking through how best to entice hotel guests and local traffic to the spa. They assume instead that “if I build it, they will come.” Nothing is further from the truth, and consistent effort must be made to integrate the spa into every facet of the hotel’s marketing team and sales approach. This is particularly true at urban sites where the guest isn’t necessarily there to relax as opposed to a resort or destination property. A close working relationship with the hotel sales department needs to be established, and the Spa Director should attend weekly sales meetings. In order to maximize the capture rate from in-house hotel guests, consider exposing the spa to meeting groups well in advance of check-ins; signage is important (in elevator cabs, at reception, etc.); the in-room TV channel should advertise the spa continuously; food and beverage, concierge and other spaces within the hotel should promote this area as well. In addition, each spa should evaluate the potential to add income from the surrounding locale. In order to do this effectively there should be a sales/marketing budget in place which includes direct mail, public relations, occasional open house functions and advertising. An effort also needs to be made to create positive community relations which can be accomplished through charitable events from time to time. In order to maximize revenue, hotel and resort spas must consistently mine for customers, both internal to the property and externally.

Spa Memberships are often Overlooked: This is a potential source of income for spas which often goes unnoticed. A spa membership (in combination with fitness center use) can be created for the non-guest populace. These memberships are very popular with local clientele and an excellent source of potential revenue from treatments, programs (e.g. personal training) and product sales. Also, one can consider a separate daily usage fee for non hotel guests who simply want to stop in and use the spa’s wet areas and locker rooms.

Gift Certificates Can Be Huge: Spas often aren’t focused on one of the most profitable revenue sources: Namely, the sale of gift certificates. This is such an important area that it should be dispensed throughout the year and particular attention should be paid in advance of holidays and special occasions (Christmas, Mother’s Day, Valentines Day, etc.). An attractive gift certificate combined with a proactive approach to exposing them to your customer base will yield dividends over time. For many spas, the sale of gift certificates is a cornerstone of profitability.

Keep a Tight Rein on Cost Controls: Runaway staffing costs are the bane of many spas. This can quickly lead to financial demise. Ensure that the Spa Director continuously evaluates this area and that staffing schedules are constantly monitored. Keep tight controls as to how service providers are paid; many spas don’t put themselves on a successful course through overpayment of staff. Consider the setup of a flat rate for the spa staff as opposed to a percentage. Also, keep a close eye on inventory control for retail goods, laundry costs, and operating supplies as these items can also spin out of control.

Don’t Overlook Data Management: This is vital to the effective management of the spa. Don’t make the mistake of not evaluating carefully what system makes the most sense. There are several excellent ones that are on the market today. Bring in a consultant if need be to help source through the options.

Pay Attention to Customer Service: At the end of the day, it is the “experience” that your spa guests will remember. Design and signature elements are important, but service delivery and the many “little things” that relate to customer service are all important in guest retention and creating a memorable experience.

Spa operations are not unlike that of a hotel. They are very complex in what has to be done to consistently ensure operational and financial success. There needs to be continuous vigilance with regard to standards of customer service, payroll/staffing, marketing/promotion, cost controls, scheduling and other areas critical to financial viability and maximizing profits. Avoiding these pitfalls will ensure that your spa meets your goals and expectations.

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