

Salon Business Models



Salon Business Models

Employment model

Lease model

Suite model

Hybrid model

These are some of the most common facts about different salon business models, misinformation, questions, and areas of confusion.

It's NOT an opinion. These are facts I have learned from 30+ years in this industry, working with thousands of different businesses around the world, my professional firsthand experience with different models, and the extensive research I do consistently around the legalities, framework, and structure of these business models.

ALWAYS consult with an employment law/labor law attorney in your jurisdiction (state, country, province) as laws vary along with your CPA. This speaks to both tax laws and labor laws.

DO NOT ask another business how they do things without having CONTEXT and even then always consult a professional attorney and CPA who has experience with salons and/or similar business models.

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Hybrid model

A few thoughts on hybrid models, which would be a combination of employment, lease, and/or suite models.

While creating career paths is an important part of supporting a team member's growth long-term, there are some challenges.

The awesome part of this concept is to create a path to ownership and retain the team members if that is what they are seeking, the challenging part is leading multiple cultures and managing Agreements under “one roof” so to speak.

While possible, it's hard and requires strong leadership, healthy boundaries, clear communication, and Agreements.

Proceed with clarity, consistency, and caution.

Employment model

Employee status

Federal/state/country laws apply

Lease model

Tenant/lessor status

Federal/state/country laws apply

Suite model

Tenant/lessor status

Federal/state/country laws apply

Employment model

Individual liability insurance is not needed

Individual business license not needed

Lease model

Individual liability insurance needed

Individual business licenses needed

Suite model

Individual liability insurance needed

Individual business licenses needed

Employment model

Supplies provided

Paycheck provided with all applicable taxes withdrawn*

Basic benefits possible **

Lease model

Some supplies may be provided depending on the Agreements

Manages own money and pay

No benefits paid

Suite model

Supplies not provided

Manages own money and pay

No benefits paid

*hourly, salary, team-based, hourly + commission

**basic: paid time off, insurance, 401K, sick days, etc.

Employment model

Set schedule in cooperation with Salon Owner and Management
Requirements for employment "Agreements"
Responsible for following all labor and wage laws

Lease model

No set schedule
Lease Agreements within the law
Responsible for following all labor and wage laws for Assistants

Suite model

No set schedule
Lease Agreements within the law
Responsible for following all labor and wage laws for Assistants

Employment model

Employer responsible for brand

Employer primarily responsible for marketing

Employer responsible for education, training, career pathing

Employee responsible for personal brand

Lease model

Tenant responsible for brand

Tenant responsible for marketing

Tenant responsible for education, training, career pathing

Suite model

Tenant responsible for brand

Tenant responsible for marketing

Tenant responsible for education, training, career pathing

Employment model

Employer responsible for culture and leadership
Employer responsible for hiring and firing

Lease model

Landlord responsible for culture
Landlord responsible for leasing Agreements
Tenant responsible for contributing to culture
Tenant responsible for marketing
Tenant responsible for education, training, career pathing

Suite model

Tenant responsible for culture
Tenant responsible for marketing
Landlord responsible for leasing Agreements

Employment model

Employer is passionate about leading, coaching, growing people, and creating an environment to allow that to happen safely

Lease model

Landlord is passionate about creating awesome spaces for folks to grow their individual to grow their individual businesses and brands

Suite model

Landlord is passionate about creating awesome spaces for folks to grow their individual to grow their individual businesses and brands

Employment model

Employee values leadership, support, education, training, structure, simplicity, and freedom to do what they love without having to run their own business

Lease model

Tenant values freedom, flexibility, and a beautiful space, aligned with their brand, to work beside folks who share their values and passions

Suite model

Tenant values freedom, flexibility, and a beautiful space, aligned with their brand, and control over the experience they deliver

Employment model

Employer generates revenue from service, product, and other sales, and incurs all the costs associated with leading, managing, and running the business.

Employee generates revenue from agreed-upon compensation program

Lease model

Landlord generates revenue from leases and other sales

Tenant generates revenue from service, product, and other sales

Suite model

Landlord generates revenue from leases and other sales*

Tenant generates revenue from service, product, and other sales

* Some lease and suite landlords offer products and act as a distributor and make a modest profit

Employment model

No random paycheck deductions except what is required by law
No chargeback for product or credit card processing
No purchasing of own supplies except tools (sometimes)
No 1099 compensation, W2 required in US
No non-compete contracts
Client data is protected by State and Federal privacy laws in US

Lease model

Landlord cannot process client payments
Landlord cannot keep client data

Suite model

Landlord cannot process client payments
Landlord cannot keep client data