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What's A Massage Therapist Worth?

By Skip Williams

Did you see this article by Anitra Brown on Spas.About.com? After sending last weeks email I thought this article was very timely. Many of the responses were that Therapists did not make enough; I on the other hand think that it is the inequity to both parties that is wrong and that the time is now to fix this compensation problem for the survival of the provider's job and the owner's business. As I mentioned last week something has to change and the Time Is Now!

Below you can read her article and then you can read my response.

Please contact me directly at skip@resourcesanddevelopment.com to let me know which side of the argument you fall on, I really want to hear everyone's opinion on this subject.

And don't forget here is the link to our FREE Compensation Savings Calculator

PS: I assure you that the “consultant” that Anitra speaks about in her article is NOT me.

What's A Massage Therapist Worth?

By Anitra Brown on Spas.About.com

Thursday May 7, 2009

Prices for a massage or facial at resort spas keep getting higher — \$150 for fifty minutes is about as low as it goes, once you've paid tax and tip, and \$200 is more typical. And at some luxury spas, a massage can go much higher (especially if it's called an “experience” or “ritual.”) The therapist who performs the service might get anywhere from \$30 to \$60, which includes the tip. But some spa consultants, like one I heard at a spa convention in New York City, are telling managers they're overpaying the staff.

The particular consultant said spas should only pay \$20 per treatment (plus tip), minimum wage if the therapist doesn't have a booking. And if therapists don't like it, let them leave. I found the sentiment more disturbing than the actual numbers. It seems that so much money and attention has gone into building fabulous facilities, that we've forgotten that it's ultimately about what happens between the therapist and the client in the treatment room.

Massage school is more expensive than ever, jobs are hard to find, and it's getting harder to make a living even if you find a job. Most spas (especially day spas) don't pay benefits. Some spas charge therapists "back bar" fees — the cost of the supplies — which is another way to bring wages down. If there are no appointments (and lately that's all too common), they tell you not to come in — no pay, of course! Many spas keep therapists shy of "full-time" so they don't have to give them benefits.

My Response:

I read this article today with much interest, and while I agree that therapists are very special people and with many other parts of the piece, the present pay system is unfair to both providers as well as to the business itself.

It is accurate to state that schools are expensive, there are usually no benefits, and that you make nothing unless you are working on a client. These are the very reasons that the compensation system must change!

From the owners point of view the math is simple: When a provider gets a 40%-50% and then you add worker's comp, employers share of taxes, and the supplies/laundry it takes to provide a service then ownership is left with a paltry 25 cents on each revenue dollar to then pay for front desk wages, rent, insurance, debt repayment (on an expensive facility), etc. and hope to make something themselves. The overhead on even a small spa is huge and few providers understand how much it costs to get good clients into their chair.

When the economy was good less than 50% of Spas made money or profit (I know that is hard to believe, but I see the income statements of hundreds of spas each year for the last 10 or so years). Now that the economy has gone south spa businesses are closing at a phenomenal rate. Almost none are making money and their owners will inevitably lose their homes and their children's future education! If something is not done then therapist will make huge commissions on zero services, or work themselves out of a job all together!

In the words of Lee Iacocca, "we have jobs for everyone at \$20 per hour, but no jobs for anyone at \$22 an hour". Ever increasing commission structures are killing this industry and we are working ourselves out of a job!

Some therapists when gratuities are included are making 6 figure incomes, while others are starving. Some weeks of months a therapist makes big bucks and then in the off seasons they have to go on welfare to feed their children. The inequity in this industry astounds me. And change must occur else our industry will extinct, we can no longer just raise prices to attempt to fix the problem!

Just because a therapist can put an ad in the paper and make \$50 an hour when they are on their own does not mean they should make \$50 per hour when working in the Spa. A therapist should look at which works best for them in the long run. Most self employed Out Call therapist make 10-12 thousand per year, in a Spa they may make less per hour, but they make far more each week.

So I ask you the same question “what is a therapist worth?” Many would prefer to make 50% commission on a \$65 massage than a 35% commission on a \$125 massage. Many would like to say they make \$50 an hour but won't tell you that they only do two services a week. Some I have interviewed don't understand why the Spa has to keep any of the money charged to the client.

I would recommend that the schools do a better job not only in what they promise that these folks will make, but also in doing the math.

I recently met a lady who was a therapist at a major casino in Las Vegas, she admitted that she works 32 hours a week and earns over \$100,000 per year. I have to ask in what world is a 32 hour employee worth over 100k a year when downstairs there are dedicated employees working 60-70 hours a week and making less than 50k a year. So what is a therapist worth? And why aren't they all making over 100k a year? If you can say that one is worth it then they all should be right?

Our industry needs to not reduce what we pay therapists but instead change how we pay them. They need more security and the owner's need more profit. Providers need to be more dedicated to the financial health of the business and owners need to be more loyal to their work force.

Inequities abound and the business model is broken and that is what we at Resources & Development are trying to fix. The whole thing is upside down for both parties and this economic slump is a perfect time to fix it, else owners and therapists alike will find themselves on the street.

(Go to <http://www.resourcesanddevelopment.com/FixCompNow.htm> for more info)

Best Wishes & Healthy Profits

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What is a Spa Owner Worth? Part 2

Recently I wrote an article asking “What is a Massage Therapist Worth?” and the responses were overwhelming!

Therapists wrote in saying not to cut their pay, their school cost them \$10,000, their burnout rate was high and they were worth more than what they were getting paid!

Now keep in mind I never said that we need to cut Provider pay, but I did say we need to reduce our labor cost. You may think those two things are conflict with each other but

NOT TRUE, other types of businesses have managed to balance these imperatives AND provide their staff with security and benefits. And I work with Spa Owners to accomplish the same all the time.

But the general consensus from Providers was that they were willing to put their owners out of business so long as they got paid top dollar. How short sighted is that?

But Owners cried loud as well that their spa had never made a dime and the Therapists were getting rich. I would remind Providers that the burnout rate for Spa Owners is high as well and that they have a lot more than \$10,000 invested in their future and many owners have not even made a paycheck from their investment yet.

Still I have to put the blame squarely on the Owner's shoulders. They are the ones taking the risk and hiring the staff at whatever rates they are getting. They have made this bed and chosen to sleep in it. Employees left to their own devices will always want more and more pay no matter what the business, and it is not a crime to want more.

Owning a Spa should be a joyous, profitable, and serious business, but from the feedback I received very few are. What I want to know is (and this question is for Providers and Owners) how did such a spiritual business become so mercenary?

(In fairness, I did hear from Owners who were controlling their labor cost effectively. Their businesses were profitable and their employees were buying homes and well compensated. In fact they sounded as though they had a very harmonious work environment.)

I believe the problem is that few spa businesses are a "win – win" for both Providers and Owners, and that in most Spas one party is winning and the other is losing.

This is what needs to change! Owners can no longer sustain the losses, the Providers can not assume all the risk, and frankly Clients must be able to receive quality services (I heard from them as well). All parties must get what they need out of the equation else no one really wins in the long run.

Imagine for a moment that workers building automobiles or workers harvesting crops were paid a commission on what they produced... None of us would be able to afford to drive or eat. Our business model is broken my friends and the time is now to fix it. And when we do all parties will get what the need out of the deal and more importantly, Spas will be able to afford to stay in business and provide work and jobs for their staff.

Much of the feedback was about what a "hot topic" this was, and how controversial the subject of compensation is. That may be true but if something as simple as paying employees is "controversial" then something is wrong with our industry. While implementing change is not easy, the solution itself is rather simple if we just follow simple business principles used in almost every other business in the world.

If you are a Spa Owner and you want to get back the control and the financial control of your business then call or write me. If you are tired of making little or nothing then what are you waiting for? Doing the same thing will not produce a different result...

Owners, I know change is never easy but please fix your business model now the future of our industry depends on it. I have created a simple Compensation Savings Calculator so that you see just what you are missing, you can get your copy by clicking here, and if you need help then please call or write.

And Providers please help your Spa Owners stay in business and provide you with a prosperous career for years to come. Change is coming and that change can be healthy for both parties or it can be a disaster for the whole industry.

Both Providers and Owners might find this amusing article I wrote on the subject some time ago illustrative. It is called "Finding the Compensation System that is JUST RIGHT!"

Agree or disagree I always welcome your feedback at
skip@resourcesanddevelopment.com

Best Wishes & Healthy Profits
Skip Williams
www.ResourceAndDevelopment.com