

EXAMPLE Comparison- Employee vs. Renter

This format may help you as an owner have a conversation with a staff member that is thinking about leaving to become a renter or you as a staff member look at the realities of rental prior to making the decision. This is more than just a compensation issue, it is about being ready to be a business owner and taking the responsibility of marketing, advertising, managing finances etc...

	<u>SALON</u>	<u>100 % OF CLIENTS</u>	<u>70% OF CLIENTS</u>
SERVICE	30,000.00	30,000.00	21,000.00
RETAIL	5,100.00	2,550.00	1,875.00
TOTAL	35,100.00	32,550.00	22,875.00
COMMISSION (45%)	14,202.00		
2 WK. VACATION	568.20		
TOTAL	14,770.20	32,550.00	22,875.00
RETAIL COMMISSION	510.00	1275.00	937.50
TOTAL	15,280.20	33,825.00	24,570.00
RENT	0	6,250.00	6,250.00
INSURANCE	0	600.00	600.00
RETAIL COST	0	1275.00	937.00
PHONE	0	900.00	900.00
BACK BAR	0	2400.00	1680.00
ACCOUNTING	0	300.00	300.00
GENERAL EXPENSES	0	1440.00	1008.00
LICENSE	0	40.00	40.00
ADVERTISING	0	660.00	660.00
SELF EMPLOY TAX	0	2480.00	1600.00
SS/Withholding	1846.00		
NET INCOME	12,794.00	17,480.00	10,595.00

Comment [d1]: Moving and changing product has an impact on purchasing (expect a 50% drop)

Comment [d2]: You keep 50% You are also accountable to do the shopping and keeping stock up (manage your money so you keep product to sell!

Comment [d3]: 125.00 week rent

Comment [d4]: 75.00 month

Comment [d5]: 8% budget (spend smart)

Comment [d6]: The likely hood of keeping 100% of your clients is 0% keep that in mind, there are also sever new business costs that are not represented here. The rent is very cheap in this day and age. Know that going out on your own is more than being able to keep ALL the money because no one gets to keep ALL the money in business

Comment [d7]: Keeping 70% of your clients is possible, (more likely to keep 50-60%) As you begin your new career you start by losing money and what is common is this is where you will stay, you no longer have someone supporting price increases, marketing, keeping up with the new business trends etc... BE READY to be an owner not just another Service Provider wanting to do it your way....