



REIMAGINING A SUSTAINABLE MESSAGE INDUSTRY WHERE ALL STAKEHOLDERS THRIVE

©STEPHANIE RODRIGUEZ – 2023

USOLMT@GMAIL.COM

TABLE OF CONTENTS

REIMAGINING A SUSTAINABLE MASSAGE INDUSTRY

EXECUTIVE SUMMARY	4
DETERMINING PAY	12
CREATING COMPENSATION PLANS	13
THE HIRING PROCESS	18
MODERN TRAINING CONSIDERATIONS	23
EMPLOYEE RETENTION STRATEGY	31
PERFORMANCE MANAGEMENT STRATEGY	34
METRICS & KEY PERFORMANCE INDICATORS (KPI)	37
COMPENSATION MODELS	42
TIPS, GRATUITY & SERVICE CHARGES	57
PERFORMANCE BONUS STRUCTURE	62
ANNUAL INCREASES & ADJUSTMENTS	64
IMPORTANT BENEFITS	65
ALTERNATIVE BENEFITS & PERKS	68
TOTAL COMPENSATION SUMMARY	75
FINAL SUMMARY	77

CREATING A COMPENSATION PLAN THAT WORKS



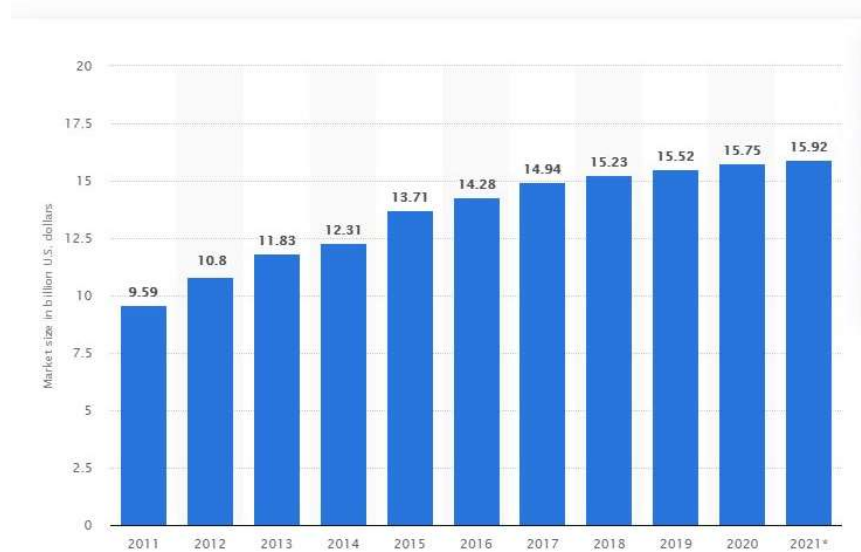
BUILDING A COMPENSATION PLAN

that works for your business and your service providers is paramount to your success. Many factors go into building a plan focused on mutual success starting with how you recruit, interview, train, motivate, and manage. Understanding the full scope of compensation and staff retention and applying it in a way that increases your profitability while also taking care of your staff can mean the difference of engaged employees who stay at their jobs longer to grow with your business, and high turnover coupled with a negative business reputation.

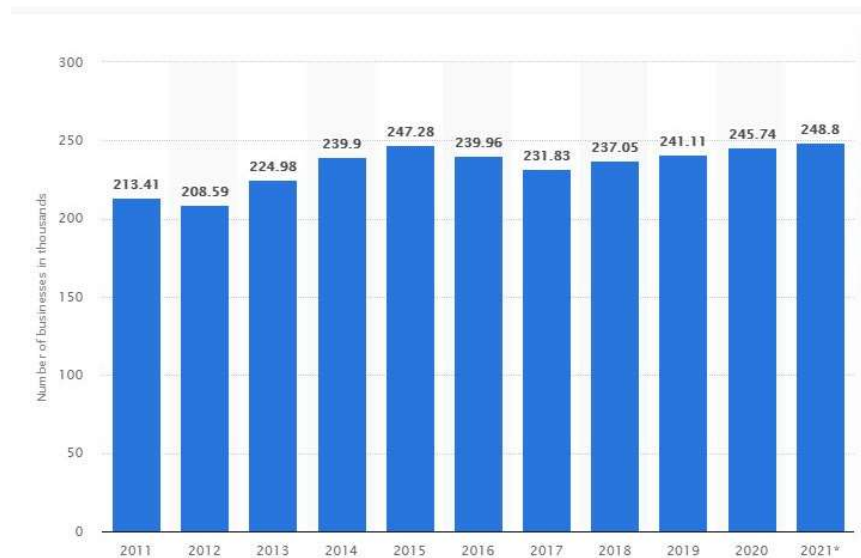
EXECUTIVE SUMMARY

Economic Outlook

The market size of the massage service sector in the United States has been steadily growing since 2011. Growth has been leveling off since 2018. (Data in Billions \$)



The Number of businesses in the massage service sector in the United States from 2011-2021 shows that massage businesses have been holding steady, slowly growing for the last 5 years. (Data in thousands)



EXECUTIVE SUMMARY

Economic Outlook

The projected job growth rate over the next five years for Massage Therapists is 20%, much faster than average jobs. Employers are projected to add 29,900 jobs over the next 5 years. The national median pay for massage therapists is \$46,910.00 annually nationwide, averaging \$20.97 per service hour without tips.

Quick Facts: Massage Therapists	
2020 Median Pay ?	\$43,620 per year \$20.97 per hour
Typical Entry-Level Education ?	Postsecondary nondegree award
Work Experience in a Related Occupation ?	None
On-the-job Training ?	None
Number of Jobs, 2019 ?	166,700
Job Outlook, 2019-29 ?	21% (Much faster than average)
Employment Change, 2019-29 ?	34,400

The Median annual wage chart below shows the averages of all health care support occupations and the difference of pay in various markets such as chiropractic, allied health, personal care, and leisure / hospitality (accommodation). The lowest 10% of massage therapists nationwide are earning \$22,580.00, with the highest 10% earning more than \$79,150.00.

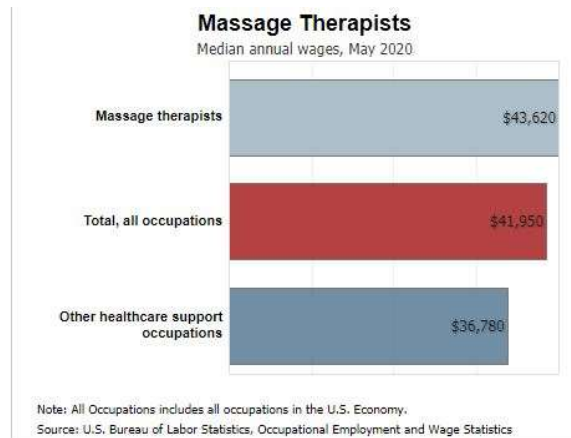
The median annual wage for massage therapists was \$43,620 in May 2020. The median wage is the wage at which half the workers in an occupation earned more than that amount and half earned less. The lowest 10 percent earned less than \$22,580, and the highest 10 percent earned more than \$79,150.

In May 2020, the median annual wages for massage therapists in the top industries in which they worked were as follows:

Offices of chiropractors	\$55,300
Offices of all other health practitioners	47,870
Personal care services	39,820
Accommodation	30,720

Most massage therapists earn a combination of wages and tips and may receive free or discounted massages as a benefit.

Many massage therapists work part time. Because therapists work by appointment in most cases, their schedules and the number of hours worked each week vary considerably. In addition to giving massages, therapists, especially those who are self-employed, may spend time recording clients' notes, marketing, booking clients, washing linens, and conducting other general business tasks.



EXECUTIVE SUMMARY

Economic Outlook

Massage services are highly tied to the economic outlook in all major cities and rural areas of the United States. The massage industry can benefit from the experience of similar industries such as the restaurant industry that adopted “high road” programs developed by One Fair Wage to ensure business continuation and stakeholder equity. Inaction has a high cost in today’s market. While the business of massage therapy has made a complete recovery from the economic impact of Covid-19, the industry still suffers from a shortage of massage therapists entering the field and high competition between employers for staff.

The Health and Wellness sector is a \$4.4 Trillion dollar market, projected to increase to over \$6 Trillion dollars in the United States by 2025. The spa sector makes up \$18 billion dollars of the market. Employers with massage services make up 13% of the total health and wellness market.

Employer Concerns

Massage Employers report issues with hiring due to labor shortages and decreases in the number of new graduates entering the field. Employers are facing increasing competition from independent massage providers and other local massage businesses. Today’s main issues are attracting and retaining quality employees, high turnover, managing employees, the day-to-day operations of running a massage practice, low profitability, inflated rent and supply costs, demand for pay increases, new technology, safety compliance, increased taxes, and attorney retention fees. Employers report profitability averaging 10% of revenue. Rising rents and payroll are reported as the highest cost to employers. Labor may be as high as 60% of revenue. Taxes include property, sales, personal income, business income, payroll, and other taxes.

Employers in massage businesses report limited business knowledge, especially in the areas of finance, marketing, advertising, and sales when starting out. Digital technology also presents a learning curve. Government regulations, labor law, and employee safety requirements have presented challenging and changing conditions for employers over the last several years. Many states have now lowered the standards for employers to stay in compliance with wage and hour laws, reducing enforcement action against employers.

Today, continuing inflation, economic recession, and high cost of living has the potential for further disruption of cash flow leading to decreased consumer spending. The impact from Covid-19 from 2020-2021 resulted in a 35% loss of the massage consumer base in the USA, coupled with a 17% loss of employees, and 80% of total workforce exits being women, with 100% of job gains for men according to statistical data provided by AMTA and Forbes in April 2021. The industry was hit hard, and has the potential to be hit hard again due to costs.

EXECUTIVE SUMMARY

Employer Concerns

Rising wages in the service sector, especially in restaurants and retail have the potential to impact massage practices heavily. Fast food restaurants have raised wages upwards of \$18-25 starting pay, with upward mobility to six figure management positions at Chipotle reported after three years of service. Retail wages have increased to \$17 minimum at Target and other mid-range retailers. Even Bank of America raised its starting wage to \$25.00 per hour. Employees of restaurants and retail stores do not need college or vocational education, licensing, or continuing education to enter and maintain employment in these fields. This data prompted most massage employers to raise wages in 2022.

We recommend employers consider collective negotiations with suppliers, working with local businesses for group purchasing power to lower costs. Rents need to be negotiated to a percentage of revenue, as is customary in retail shopping centers to lower costs. Third party training should be considered to increase business knowledge, leadership knowledge and train staff. Business lending networks should be considered to access capital as needed.

A well-functioning massage business balances the interests of all stakeholders. The business is profitable, pays living wages, offers robust benefits, fair work environments and advancement opportunities. The guests have a varied menu and service options. Vendors and contractors have a mutually beneficial relationship with the business. Employers invest in the well-being of their staff and make periodic improvements to operational models. Employees understand their role and how their performance impacts revenue and growth and they feel valued by their employer.

Employee Concerns

Key challenges affecting workers are low wages, tipping inequities, variable incomes, limited or no benefits, and non-existent career advancement opportunities. Employee concerns also include the competency of management and front desk staff in scheduling, rebooking, upgrades, and sales. Booking is a major concern as schedules are often overbooked or under booked and not enough time is scheduled between services. Workplace culture is a major concern as well as scheduling flexibility. An employer deficient in marketing and sales skills reduces the opportunity for service providers to make sustainable wages.

Massage teamwork is a concern as is the division of other teams of service providers and administrative staff. Employees generally feel undervalued and are concerned about a lack of recognition and follow-through on the part of managers and business owners. Non-Compete agreements and a lengthy hiring process deter many employees. Non-hourly employees on commission pay models report concerns about the work required in-between massage hours including staying on shift to be available for last-minute appointments.

EXECUTIVE SUMMARY

Employee Concerns

Employees have expressed concern about insufficient training and not having input on the policies and procedures that affect their jobs. Discounted services such as Groupon or Specials are a concern, directly decreasing wages for many commissioned employees. There are not enough desirable positions or upward mobility with employers. These positions are typically termed “dead end jobs” with no growth factors.

Employee Survey Statistics

USOLMT’s 2021 “Give Your Workplace a Checkup” employee survey reveals a snapshot of what was happening inside the workplace at that time. This was a very small snapshot of less than 50 participants, but, gives us some data we can use moving forward.

When asked if the business owner was actively engaged, 55% of respondents said yes, while 45% said the business owner was disengaged from the day-to-day operations of the business.

Data reveals that 27% of employees believe their manager needs improvement, while 37% believe their manager is excellent. An additional **36% of massage therapists believe that their manager has contributed to problems at work**, including 13% of massage therapists who believe their manager is incompetent and unreliable.

While 70% of massage therapists say they have never experienced wage theft at work, **30% of massage employees believe they have**, with 17% answering a hard yes.

50% of massage therapists believe their front desk does a great job. Only 4% believed their front desk staff escalated drama and were rude to customers, however, **46% of therapists believe their front desk needs to improve on sales, rebooking, and upgrades**.

We found that **28% of massage therapists believe their massage team is divided and weak**, with only 35% of massage therapists believing they function as part of a team, and 38% functioning individually within the workplace with no teamwork.

A staggering **50% of massage therapists say they experience conflict at work**, with 20% of those employees stating they work in a hostile environment. 17% of employees rated their workplace as good while 33% rated it as excellent.

51% of massage therapists do not have any benefits at work. 17% said they have some benefits but no health care, while only 33% have healthcare benefits including medical, dental & vision plans.

EXECUTIVE SUMMARY

Employee Survey Statistics

When asked about wages, **26% of massage employees say they live in poverty**, are constantly struggling and do not make enough money to live on. 33% said their pay covered their bills, but they live paycheck to paycheck, and do not have savings or purchasing power. 42% said their pay was great.

61% of massage therapists feel valued at work, while **40% of our workers do not feel valued** at all. 30% said they had zero input at work, and 10% said they were scared to speak up about their needs at work.

Most managers are hands off according to employees. **Management styles totally lacking in the workplace include persuasive, collaborative, visionary, and transformational leaders.** Based on results, we recommend managers improve on coaching, delegation, employee consultation and increase employee participation in decision-making while reducing micromanaging and authoritarian leadership styles.

Redesigning Operations

Employers may want to consider installing new hands-off treatments such as jacuzzi tubs, salt rooms, float pods, napping pods with Bio-Mats, Halotherapy pods, or Far Infrared Saunas with a set fee for guests as separate menu items. Employers may also consider implementing a telehealth platform for the use of providers to provide client check-in appointments and homecare coaching services for a fee between appointments. Services such as Zoom or Doxy.me provide a HIPAA compliant telehealth platform. Increased consideration and care should be taken regarding employee protection and workplace safety. Increasing retail sales by adding an online shopping platform could provide an increased and additional stream of revenue.

Increase to Living Wages

Federal and state wages have not kept up with the cost of living. Minimum wages were originally created to be sustainable wages for American families, affording families the luxury of having one person work, a stay-at-home parent, and a white picket fence lifestyle. The minimum wage in all 50 states today is well below the current sustainable wage with huge gaps depending on the number of children living in the home and adults working in the household. Care should be taken to find out what any potential employee's living wage requirement is using the MIT Living Wage Calculator.

EXECUTIVE SUMMARY

Increase to Living Wages

The following is an example of living wage statistics for the State of Michigan.

	1 ADULT				2 ADULTS (1 WORKING)				2 ADULTS (BOTH WORKING)			
	0 Children	1 Child	2 Children	3 Children	0 Children	1 Child	2 Children	3 Children	0 Children	1 Child	2 Children	3 Children
Living Wage	\$13.63	\$31.15	\$41.65	\$55.25	\$22.20	\$26.03	\$29.66	\$31.79	\$11.10	\$16.96	\$22.71	\$27.72
Poverty Wage	\$6.13	\$8.29	\$10.44	\$12.60	\$8.29	\$10.44	\$12.60	\$14.75	\$4.14	\$5.22	\$6.30	\$7.38
Minimum Wage	\$9.65	\$9.65	\$9.65	\$9.65	\$9.65	\$9.65	\$9.65	\$9.65	\$9.65	\$9.65	\$9.65	\$9.65

You can see the living wage doubles for a working adult if they have one child. The MIT living wage calculator considers the average family budget in calculating the living wage in each category.

The living wage calculator also includes the average wage in the State of Michigan for Health Care Occupations, Healthcare Support, v/s Personal Care & Service Occupations. Consider whether your business falls into healthcare support or personal care & service. The current average wage for both categories is far below the living wage in this example.

Healthcare Practitioners & Technical	\$68,135
Healthcare Support	\$29,658
Protective Service	\$42,549
Food Preparation & Serving Related	\$23,520
Building & Grounds Cleaning & Maintenance	\$27,407
Personal Care & Service	\$25,167

Most massage employees work 30 hours per week or less. At part-time hours, most jobs do not provide a high enough hourly rate or benefits to sustain an employee long term. Reliance on tips and commission create variable incomes that lead to financing problems retaining credit, loans, and mortgages. Massage wages have remained stagnant since 2002. The \$15.00 per service entry level pay held steady for 20 years in the massage field with employers disregarding recession, inflation, rising student loan costs and cost of living. The most recent data gathered May 2021 shows that starting pay is rising to \$20.00 per service minimum for new graduates as reported by massage schools.

EXECUTIVE SUMMARY

Worker-Supportive Practices

Many business owners believe it is unsustainable to increase wages, viewing worker-supportive practices as simply maintaining workers on payroll and offering hours. Employers are rightly concerned about rising rent and taxes, the technical assistance needed to implement salary changes, state, and local regulations, and gender-bias from consumers in the workplace due to the large number of women exiting the workforce.

Employer incentives to change may include access to capital funds, advocating for local and state incentives such as commercial rent control, tax relief, tax credits, and government loan funding. Capital access could include private or public rapid relief loans, rebuilding loans, or grants to rebuild capacity. Smaller loans or lines of credit could be used to provide training for the transition to new salary models, professional development, and training.

Technical assistance incentives to change could include the salary models in this document, assistance overcoming regulatory hurdles, training on recruitment methods, third-party staff education, access to capital, and forming local business groups providing peer-to-peer advice.

Client Engagement

The risk of raising prices for their clients is a major concern for business owners. Increasing revenue by raising prices to cover healthcare costs for employees or converting gratuities into service charges to provide service providers with wage equity are challenging to explain to the public. Marketing assistance is needed to provide support and signal to consumers that businesses are participating in a “high road” style compensation plan. Businesses paying employees sustainable wages have the potential to retain and attract new customers who value ethical business practices. Consumer education is needed on the benefits of a gratuity free workplace. Staff training is needed in the value of a gratuity free strategy. Marketing collateral, consulting and coaching are needed to make a convincing case for “high road” compensation adoption.

Determining Pay

Key Questions & Considerations

First, how much are you willing to pay not to do the job? What will it cost to bring a new employee on board?

Consider the cost of doing the job yourself. Costs include the price of education and licensing, continuing education costs, liability insurance, association membership, the training you will need to perform the job and all the tasks, and the equipment and supplies needed to do the job properly.

Multiply that number by the number of people in your organization. This is the real value of your workers. The average cost of doing business as a massage therapist with advanced credentials is approximately \$9,000.00 per year. This cost varies with exam fees, continuing education costs, association memberships, and teaching credentials.

Determine the most you will pay. Set the upper limit by what the job is worth to you. Quickly eliminate candidates that are too expensive. Disqualifying everyone that applies, however, is a sign that you are undervaluing potential employees or that you should consider doing the job yourself.

Determine the least you will pay. Look at the market rate. Market rates set candidate expectations. An excellent employee can generate 10 times the amount of revenue as good or fair workers, but, are generally only paid 20-30% more. Swap salary data with business owners at your local Chamber of Commerce or Business Networking Group.

Pay should be a combination of what the job is worth to you and what the market demands. Consider each hire individually. Do not standardize the process. Customize the deal for experts, supervisors, leads, trainers, and managers. If you are hiring an exceptional employee, pay way above market value.

Jobs that come in value with hours should have hourly pay. Jobs that come in value with insight or skill should be paid salary. Jobs that come in value with revenue should be paid commission. A massage therapist's job is a combination of value in hours, skill, and revenue generation. Add bonuses to align everyone around the company goals. Remember that minimum wage = minimum effort. Employees are directly responsible for the profitability of your business. Sometimes you can trade cash for intangibles or services, but do not shortchange your employees.

Consult with an attorney to ensure your pay structure is legal. Clear, transparent communication in all areas with your employees will catapult your business to success.

CREATING COMPENSATION PLANS

Introduction

Use your compensation plan to build your business, attract quality candidates, motivate staff, and retain talent. You will need good recruiting and hiring practices, defined requirements and skill sets, salary ranges and other compensation, and to sell added value such as a winning workplace culture and upward mobility.

Currently 90% of massage businesses consider hiring a key concern. Finding talent remains a challenge. Keeping enough employees on the books and high turnover is also a major challenge for employers. Prices are increasing, yet wages have remained stagnant for upwards of 20 years in the massage industry. Transparency is becoming normal and expected. There are less graduates today than ever and they are less prepared for the workforce. The cost of living continues to rise, making sustainable wage increases needed now more than ever. As of May 2021, 15% of massage employers do not have a documented compensation plan, according to ISPA data. ***A great compensation plan increases the productivity of your organization because it provides various rewards and bonuses to your employees. It is critical for every organization.***

Key Questions

What are your issues with your current compensation plan? Why are you considering a new compensation plan? Can you recruit and retain top talent? What is your company's position in the market relative to what it should be? What is affordable and realistic? What is the typical mix of salary and compensation components and what should your mix be?

Workforce Changes

Figure 1.1 – How do you expect your workforce to change?

	SMALL	MEDIUM	LARGE
INCREASE			
STAY SAME			
DECREASE			

Figure 1.2 – Workforce changes by position

CHANGES TO WORKPLACE	INCREASE	STAY SAME	DECREASE
MANAGERS			
FRONT DESK			
MASSAGE THERAPISTS			
ESTHETICIANS			
SPA ATTENDANTS			
OTHER PROVIDERS			

CREATING COMPENSATION PLANS

Fundamentals

You will need your business plan and budget. Compensation is a key component. It is very important to define your organizational culture and consider employee relations issues. You will want to develop a total compensation strategy and budget, organizational goals and individual goals for each employee that support the organizational goals. Employee goals should be mutually agreed upon and all goals should work towards meeting the objectives of the business plan and budget.

Goal & Objective Alignment

Your organizational goals must include recruiting and retaining qualified employees, increasing or maintaining employee morale, determining basic wage and salary, and rewards for job performance. To align people around goals and objectives first introduce strategy, determine alignment factors, design your communications strategy, improve team spirit and morale, engage the entire team, brainstorm without judgement, record all ideas and assign priorities.

Compensation Plan Components

The components of your compensation plan should include job descriptions with a baseline for salary ranges, benchmark salary ranges based on skill sets, survey, geographical, and market data plus current salaries including base, adjustments, and increases.

Salary Components

Salary components should include base pay, bonuses, incentives, performance, annual increases, cost of living adjustments and commissions. Also include performance management systems and a merit increase matrix.

Direct salary components include base, bonus, incentives, perks, insurance, leave time, uniforms, parties, phones, retirement programs, etc.

Non-Monetary components include enhancing dignity and satisfaction from work performed, promoting social relationships with coworkers, allocating sufficient resources to perform assignments, offering supportive leadership, enhanced psychological health and intellectual growth.

CREATING COMPENSATION PLANS

Market Analysis

In addition to the statistics provided in this report, you may want to do a local labor market analysis, finding out what your competitor's pay scales are and their total compensation plans. A good way to do this is to visit their locations for services and ask the employees. You may want to understand the % difference. To find that number, divide your company data by the market analysis data. Compute the overall averages. Assign a pay grade (salary range) to each function and weigh it by the population of your company.

Figure 1.3 – Market Data Salary Range Example, Lansing, Michigan



Build a Salary Range

Building a salary range communicates the pay for each position. Traditional ranges include a minimum, midpoint, and maximum. The range width or spread is the (maximum/minimum-1) of 50-70% for manager & supervisory staff, and 40-50% for clerical, technical, and production staff. You will want to rely on market pricing to establish a competitive structure and point factoring to adjust for internal alignment with goals.

Divide the ranges into 2-4 parts to administer pay. See example below. Slot each position in the salary range. Use the market data closest to the midpoint. When tweaking, consider internal job relationships and fairness. Review the employee impact (lower minimums, higher maximums). Consider the timing and communication of any adjustments. The easiest way is to use the market data from salary.com and the living wage calculations to build your salary range, however, you may want to modify this based on your business needs. See example below. The midpoint differential is generally 10-18%.

CREATING COMPENSATION PLANS

Market Analysis

Figure 1.4– Salary Range Example

Pay Grade	Minimum	Midpoint	Maximum	Width	50% Spread
3	24k	30k	36k	(36/24-1)	

Pay Spread Calculation Formulas

Midpoint: Starting point x 15% (mid-point differential)

Minimum: Range Spread % / 2 (Midpoint / 1.xx (half of range spread)
Example: Midpoint 30k, Width 50% (30k/1.25=24k minimum)

Maximum: Range Spread % (Minimum x 1.XX) (Range Spread)
Example: Minimum 24k, Width 50% (24k x 1.50 = 36k maximum)

Pay Spread Guidelines

Pay spread should be narrow for clerical and technical jobs and higher for management. Consider the length of service. Starting pay should consider the learning necessary to achieve midpoint. Hourly Positions 40%, Salaried Positions 50%, Executive Positions 60%.

Premium Market Rates for Hot Jobs

Develop premium market rates for hot jobs and hard-to-fill positions, up to 20% higher. Make it clear this is a market rate premium, so that if it ever needs to be reduced, it is clear to the employee.

Wage Administration Guidelines for Salary Increases

Set guidelines to ensure fair and appropriate pay decisions. Facilitate pay for performance. “A” players should be paid more over time. Consider skills, competencies, and relevant experience. Use merit grids (matrixes) based on performance rating and pay position within salary ranges. Do not provide increases if performance does not meet expectations. The minimum increase should be 1.5%. Give at least two times the typical increase if employee is rated far exceeds, paid in the lower ½ of the performance increase range v/s meets expectations paid in the higher part of the range. Consider the pay grade when deciding increase. Pay grades are for groups of jobs with the same relative worth.

CREATING COMPENSATION PLANS

Wage Administration Guidelines for Salary Increases

Figure 1.5 - Performance Increase Range Example

Grade	Far Exceeds	Exceeds Some	Meets	Does not Meet
1	4.5-6.5%	3-5%	1.5-3.5%	0%
2	3.5-5.5%	2.5-4.5%	1.5-2.5%	0%
3	2.0-4.0%	1.5-2.5%	1.0-2.0%	0%
4	1.5-3/5%	1.5-2.5%	1.0-2.0%	0%

Determine Budget

Separate merit pay budget from cost-of-living adjustment and promotion budget. Example: 2.5% Merit increase + 1% promotion & COL adjustment = 3.5% total increase. Determine the population distribution percentages. Calculate the % of employees with each performance rating and the % of employees paid in each grade of their salary.

Figure 1.6 Salary Increase Budget

Grade	% of Employees	Far Exceeds	Exceeds Some	Meets	Does not Meet
1	40%	4.5-6.5%	3-5%	1.5-3.5%	0%
2	40%	3.5-5.5%	2.5-4.5%	1.5-2.5%	0%
3	10%	2.0-4.0%	1.5-2.5%	1.0-2.0%	0%
4	10%	1.5-3/5%	1.5-2.5%	1.0-2.0%	0%

Salary Increase Matrix

Provide the range in a matrix rather than a fixed number to employees. Calculate payouts in each matrix cell. Sum the payouts to ensure the total is within budget. Communicate the final matrix to management and employees.

Efficiency Ratio

Very small massage business owners report spending the following percentages of revenue on expenses: Marketing 2.3%, Bank Fees 1.7%, Payroll 54%, Payroll Taxes 5%, Owner Pay 8%, Rent 5%, Employee Health Insurance 6%, Professional Fees 3%, Miscellaneous operating expenses 11%, and Business profit 4%. Determine your efficiency ratio = output/input to find the % of total revenue spending in each category.

THE HIRING PROCESS

Job Descriptions

Each job in your organization should have a written job description. Refer to your job description when placing employment ads and give each employee a written description of their job.

Each job description should include the title, date, and reporting manager, department, and location. The dimensions of the job should be included such as the # of reporting staff, # of customers, personnel in job group, annual revenues, facility usage, and budget.

Job objectives need to include the nature and scope of duties and responsibilities, three most critical or complex tasks and challenges, decision making power, interpersonal relationship both internal and external objectives, experience and general qualifications, personal characteristics required, education and basic knowledge requirements, working conditions, physical demands, and equipment, software, and hardware used to include tools.

Job descriptions must answer the question (*WIFM*) *What's in it for me?* for the potential new hire. This includes salary range (**separated from tips**), average tips, incentives & bonuses, general and alternative benefits, and bonus plans.

Application Process

Since the invention of hiring software, it has become increasingly time consuming and difficult to apply for a job in the United States. For some professions, it takes sending out over 200 resumes to get one call back. Sometimes, companies completely ghost applicants. This happened so often over the last 10 years, companies are now seeing the tables turned, getting ghosted by applicants and potential new hires. The average length of time it takes to get a job as a massage therapist is often quicker than the national average of 84 days it takes to get a different type of job, but that really depends on where you are applying.

Easy Apply

If your hiring process is simple and easy, you will have a much easier time attracting candidates. We do not recommend online applications, personality, or behavior screening tests, or requiring cover letters for providers. Provide an e-mail address and ask for a resume. If you advertise your position on LinkedIn, choose the easy apply option for your potential candidates.

Your Ad

Job seekers are turned off by modern job ads that do not include a salary range. They are also becoming increasingly frustrated with ads that include tips in the salary range. This has always given the impression that the company is dishonest from the potential employee's perspective. If you feel you must, list the average / annual amount of tips separately from the base salary when you advertise.

THE HIRING PROCESS

The Application Process

Your Ad

Do not say that your employees are “like family”. This old school terminology to a modern job seeker says to them that you may treat them like a child or that there is conflict at work. Not everyone’s family is great, so, connecting your potential employees with “family” is not a good idea. Last, do not list “You keep all your tips” as a benefit. Today’s massage therapist knows that tips are not wages and expects to keep all their tips. If this is not the case and you give 2% of tips to spa attendants, for example, make that clear instead.

The Interview Process

Most people are not trained in how to interview potential candidates. Asking questions and getting answers seems easy, but you really need to ask the right questions and have a proper interview evaluation form. I recommend asking behavioral-based interview questions. Your interview should be 30 minutes or less in length. Savvy applicants know that they are interviewing you and evaluating your company, just as much as you are interviewing and evaluating them. Bring an attitude of mutual respect to the interview process and make a great first impression. Additionally, consider allowing your candidate to dress for the job they are applying for (whatever they would wear to provide a massage) so they do not have to change clothes to provide a practical.

Your Practical

Today’s massage therapist wants payment for their practical time. Many business owners disagree that payment should be due for these practical services, however, consider that a Massage Therapist on a job search may be evaluating 5-10 companies in their interviews. That means 5-10 hours of massage they are performing for free.

Payment can be monetary or non-monetary. Consider giving a \$20.00 bill to thank your candidates for their time. If hired, offer a free massage treatment. You may also consider giving a non-monetary gift such as a free product, promotional products, or lotion samples with brochures and rack cards about your company in a nice gift bag to your potential candidates. Have some things on hand to offer job seekers that will surprise and delight.

Additionally, consider the idea of having a third-party evaluator in the room. The evaluator should be an experienced massage therapist. Because judgement of massage is very subjective to the person on the table, this way of doing practical interviews is outdated. Attached, you will find an evaluation form for your third-party observation. A third party, experienced in massage can evaluate the applicant’s body mechanics, energy levels, draping techniques, and see things that the person on the table never will. An evaluator eliminates the need to do more than one practical and can cut the practical time to 30 minutes or less. This saves time for you and your managers when making hiring decisions.

THE HIRING PROCESS

Post-Interview

Say Thank You

A massage candidate may or may not send a thank you note for your time. In today's labor climate, do not require it. Instead, send a note to the candidate directly after the interview, thanking them for their time and letting them know when you will be making your hiring decision. Remember to include the benefits of working for your company in the thank you note.

The Job Offer

On the Spot Offers

If a candidate really shines, offer them the position on the spot, pending employment checks. There is no time to waste when a candidate who is a great fit for your company walks through your doors.

The Formal Offer

When offering a position to a massage therapist, always put it in writing. You will want to have an offer letter template handy so you can simply fill in the date and compensation. Consider having an offer letter template for each position in your company, ready with the total compensation package. In addition, have an acceptance letter template. Use DocuSign to have the candidate sign the form online or offer a printed copy for the candidate to sign.

Negotiations

Be open to salary negotiations. You have already established your minimum, maximum, and midpoint salary range. Most of the time, you will either offer the minimum or the midpoint. This leaves room to negotiate within the range you are willing to provide. Keep some benefits and incentives in your back pocket to sweeten the deal for potential employees who want to negotiate their offers. Remember, you will be prepared by knowing how high you can go on salary with your complete compensation plan, already know which benefits you can add to the deal and know what incentives you can offer in addition to your standard compensation package.

Contingencies

Offer contingencies include your background check, license verification, liability insurance verification, education verification, continuing education verification, proof of citizenship, collection of required identification, and signed, completed hiring forms. Consider foregoing the non-compete form and the non-solicitation agreements. The non-compete form does not hold up in court and potential candidates know that. There has been a recent push by the Federal government to make the non-compete illegal nationwide. Non-solicitation agreements may fare better in court, but it is not necessary to engage in employee litigation when they leave your location. Suing an employee over a non-compete agreement has the potential to ruin your personal reputation and the reputation of your business.

THE HIRING PROCESS

Probationary Period

The first 90 days of any new employment situation should be a probationary period. Clearly define what is expected during the first 90 days. Before Covid-19 employers may have limited callouts, sick days, or absences for any reason. Limiting sick days is not a good idea in today's world, considering the heightened awareness we have of communicable diseases.

A good standard for the first 90 days is for the new hire to sign and return all paperwork and new hire documents, engage and pass training on soft-skills, work on employees over the first 90 days while each gives an evaluation to management and the new hire passes those evaluations and shows that they are coachable, trainable, have a positive attitude towards work, begins to create co-worker relationships, and fits well into the company culture.

Make it clear to the new hire that the first 90 days are also time for them to evaluate the training, the position, the company culture, co-working relationships, and management. After the first 90 days, give your employee an evaluation form and ask for their honest feedback without judgement or penalty.

Decide together after reviewing the evaluations if you will continue the employer-employee relationship. If an employee is not meeting expectations and you do not think they have the potential to do so, or if they are causing an issue in your location, let them go now.

The cost of hanging on to an employee that is not a good fit is enormous. You may even be a real gem and refer them to another local business that would be happy to have them in an environment where they would fit better. Keep a list of local businesses in your field and the names and contact details of their hiring managers. Ask them to refer candidates who may not be a good fit for them to you.

Ghosting

Ghosting happens when a company does not respond to an applicant, or an applicant does not show up to an interview or for their first day on the job. Try not to take it personal. While ghosting is certainly unprofessional, it is to be expected in today's climate. Sometimes a potential employee accepts another offer during the interview process and does not let you know. Sometimes they have emergencies, or they forget about their interviews.

The best way to prevent being ghosted during the hiring process is to respond to all your potential candidates with at least a thank you, we have received your resume note. Include a date when a potential candidate can expect a response and follow through. Let them know that if they do not get a call by a certain date, you will keep their resume on file for future openings.

THE HIRING PROCESS

Ghosting

When you set up interviews, be sure to send an e-mail to the candidate with a map, linked to your location, a clear address, the time you will be meeting, what time they need to show up, what to wear, what to bring, the interview format, who they will be meeting, and the practical format. If you must require more than one interview, let them know up front. This is not recommended. Leave your business phone number and a cell number with the potential candidate. Make it as easy as possible for them to find your location, be prepared, and reach you if there is a potential issue.

Additionally, send a reminder the day before to confirm the interview or give them a confirmation call or text. If a potential candidate does not confirm, you can safely schedule something else during their interview time. They most likely will not show up. If they do, consider yourself pleasantly surprised and have trusted members of your staff ready as a back-up to do the interview.

MODERN TRAINING CONSIDERATIONS

Priorities

Your priority for training is to make sure your new hire understands the standards, policies, and procedures of your company. Most employers give a printed copy of their employee handbook to new hires along with an acknowledgement form, but do not sit down to review the policies and procedures. Taking this time up front to thoroughly review each of your standard operating procedures and policies gives new hires the opportunity to ask questions, make suggestions, and acknowledge that they understand. Be sure to review employee facing policies, your membership program, customer facing-policies, and overall business policies as well as the complaint and discipline process.

Client Interaction

Employees need to be trained in client interaction. Points of contact for massage therapists include the greeting, the consultation, the session touchpoints, the homecare and treatment plan and the hand-off to the front desk for rebooking. A procedure for each point of contact should be clearly spelled out for employees and practiced to perfection.

Have clear procedures and forms for the massage therapist to report angry or upset customers and inappropriate client interactions. These notes may be included in client SOAP notes which you should review periodically and include in the client's history for your front desk and managers. Ban inappropriate clients immediately. The worst thing an employer can do is show their lack of support by moving an inappropriate client to a different therapist in the building or trying to rebook them with the same therapist after a bad experience. Handle angry and upset customers in the office.

Service Delivery

Your new hire should take the client journey. Have them call to schedule an appointment, come in, fill out forms, interact with your front desk, and have a treatment just like a customer. By experiencing the client journey, they will understand how all positions work together to create your guest experience. After your employee's service, offer them a treatment plan, home care activities, retail recommendations, and a membership or package, just as you would a customer.

Each service should have a clear protocol. Even if you do not have written protocol, you should have defined touch points. You should provide training sessions for each service and touch point you deliver. Additionally, consider having your new hire run through the service 3 times with other employees who perform the service. Have your employees provide feedback directly to the new hire and have them sign off. After three five-star performances, your new hire is ready to work on clients.

MODERN TRAINING CONSIDERATIONS

Service Touch Points

How do you want your massage therapist to perform in the treatment room? Do you have a written protocol for how you would like to begin and end your signature services? If not, write one now and train all your employees. You will want to have an unforgettable and predictable client experience at the beginning and end of each session. Also train employees on the way the sheets face, the fold, the room setup, where their supplies go, how many times to ask about pressure or solicit client feedback, and what to do during their consultation and before their hand-off.

The look and feel of your treatment rooms is something you have likely spent a lot of time and effort thinking about. Make sure your employees honor that. A messy massage table, a slippery floor, or lotion on a blanket can give clients a bad impression. If you have used feng shui or other design elements in your massage room for a reason, train your employees on how it enhances the customer experience.

Tools, Equipment, and Supplies

You may believe it is common sense to employees how to use their tools, equipment, and supplies, but sometimes it is not. Having clear training on how to use their equipment such as hydraulic tables, adjustable headrests, and prenatal tables, hydrocollators, heat packs, stone warmers, etc. and what to do if something goes wrong will help you in the long run.

If you offer tools such as Thera Guns, HyperVolts, massage cups, etc., offer training in how to use, clean, and disinfect each tool.

To save on supplies, show therapists how much they should be using of your supplies during sessions, or offer pre-measured supply cups for treatments. Be sure that these pre-measurements have been tested and that enough product is supplied to your employees.

Have forms and reporting procedures for broken equipment, tools, and for when you are low on supplies, so you never run out of anything your therapists need to do their jobs.

Additionally, if therapists do laundry, clean the spa, the bathrooms, or any other duties, offer clear training on how to do all these tasks. It is not always clear how much detergent, or which cleaning products you want them to use, or what PPE is required.

MODERN TRAINING CONSIDERATIONS

Safety

It is a good idea to offer CPR classes, AED training, Fire Extinguisher Training, Emergency Escape Training, Panic Buttons with Training, Sexual Harassment, and Incident Reporting Training to your staff.

Universal Precaution Training, Bloodborne Pathogen Training, Bodily Fluid Training, and PPE usage training are all necessary. Make sure your employees know when to call the police, ambulance, and fire department for both emergencies and non-emergencies. Also, consider offering training for burglaries, active shooters and weapons, self-defense, and de-escalation.

The MSDS (Material Safety Data Sheets) and product ingredient lists should be accessible to all your employees in the event of an allergy or over-exposure by a client or staff member.

Addressing Employee Issues

Give your trainee a clear plan on offering feedback, suggestions, and addressing issues they might encounter at work both with co-workers, clients, and other aspects of their jobs. Who should they go to with their issues first? Do you want them to speak directly to you, your manager, or a supervisor?

If you have a chain of command, make it clear to them. Additionally, provide a box where employees can write to you anonymously if they are uncomfortable speaking to you directly. Provide time at staff meetings to review this anonymous feedback and address it with your whole staff. Do not wait to address issues. Take all complaints seriously, address them right away, and you will save yourself a lot of headaches in the future.

How to Maximize Pay, Profitability, and Earn Rewards

If you offer service upgrades, time upgrades, or retail products, be sure your employees know how to sell these upgraded services, lengthen the session times, and sell retail. If you do not have the sales skills to do this, find someone who does or bring in an outside expert. Also offer product knowledge training. The more your employees know about your products, the easier they are to sell. Train your employees on their bonus plan if you have one, and make sure they know how that maximizes profitability for the spa or clinic, and how that translates to rewards and success for them.

MODERN TRAINING CONSIDERATIONS

Tableside Manner

The practice of short, two-minute consultations and churning clients out the door is an antiquated practice. Schedules this tight cause stress on the job for massage therapists, which in turn, impacts your client experience negatively.

Have your employees take a seat with your clients prior to their sessions during consultation. Train them to look at their posture and gait, assess their energy and emotional state, all before they get on the table.

Make sure they clearly explain what they will do during the session. Have a clear script for first time massage clients. Additionally, make sure employees pull up a chair with clients after the service to review the client's session progress, home care, and treatment plan.

Making time for this on the front and back end of your sessions will give your therapists breathing room and let your clients know you truly care about them, giving you an advantage in the labor market and the consumer marketplace.

Pricing, Membership Program & Packages

Give your therapists printed membership material, package material, and specials material. Each therapist should have a copy to study. Train them how to sell each membership, package, and special. Be sure they can clearly articulate the features, benefits, and rewards to the customer.

It is amazing how often therapists do not know the price of their services. Provide a price list in the treatment room, perhaps on the inside of a cabinet door for them to refer to when upgrading and selling.

Business Operations

It is true that many massage therapists have more than one job today. Consider being the change on that by offering your therapists training in business operations. Offer part-time massage therapists a position at your front desk, on your supervisory or management team, or as a spa attendant. You may even need additional help like facilities maintenance, janitorial services, or a dedicated daily person for laundry and cleaning or answering phones. Consider offering these positions to your part-time therapists who may hold second jobs for additional money.

MODERN TRAINING CONSIDERATIONS

Front Desk

Many business owners have concerns about exposing service providers to customer data yet have cameras watching their front desks and offices all day. This negates that concern. Front desk training should be offered to any newly hired service provider.

Consider having your new hire spend a day with your front desk staff, training on the various aspects of their job and aiding. Therapists do not understand the front desk job most of the time, and they never see the customers after the services, hear their praises, or complaints, and do not know the hoops your front desk has to go through to confirm, schedule, book, balance appointments, clear the lobby, clean, answer the phone, open, or close the business. It requires more effort than most service providers believe. This is the first step to creating a bond and a great culture between the front and back of the house.

Managerial Duties

Spa managers work very hard, sometimes with long hours, heavy interruptions, rotating shifts, no breaks, etc. Have your new hire spend a day with their manager. Have the manager delegate some duties to the new hire while they are together. Create a solid plan to do this and consider what managerial duties new hires can help with. Things like handling customer complaints, freezing memberships, calling customers, facility checks, using software, etc. are all easily delegated. Have a list of jobs your new hire can do to assist for the day. Have their manager take them out to lunch or have lunch brought in. Getting to know your new hire in this way creates bonds and engages trust with management.

Appearance, Dress Code, Personal Hygiene Standards

Be clear up front about your personal hygiene standards with your staff. Service providers could be provided with things like sanitary napkins, tampons, baby wipes, facial cleansing wipes, spray deodorants, scented lotions, disposable combs and brushes, hair ties, hair spray, hair dryers, nail grooming kits, etc. Consider these additional benefits for your staff. A lot of massage therapists bring these things with them to work each day. It makes their jobs easier if you provide that for them.

Consider providing nice uniforms for your staff that are light, airy, and wrinkle-free. Cotton fabrics, moisture-wicking fabrics, and polyesters are commonly used but not recommended. They make the therapist wet all day from sweat and it is hard to remove odors. It is no longer recommended to decide what footwear your therapists wear. The heat generated from massage therapy in the body can cause a therapist to overheat quickly wearing socks and athletic sneakers. Many therapists prefer to work barefoot or in socks. Allow that. Even five-diamond spas allow athletic tank tops in the treatment room and the option to remove shoes.

MODERN TRAINING CONSIDERATIONS

Appearance, Dress Code & Personal Hygiene Standards

If you live in a very hot climate, consider allowing suitable shorts to be worn to work. Provide them as part of your uniform. You might also consider culottes, Thai fisherman pants, capri palazzo pants, etc. for your staff. These pants are light, airy, and look professional and modern. Be sure to have a checklist of each uniform piece you have given to your new hire and the rules on returning uniforms when leaving. Consider other appearance standards on facial hair, hair styles, makeup, piercings, etc. We recommend you have a fair dress code, relaxed as possible, that allows for individual expression.

Business Financials

Transparency is becoming expected and normal in business. Each month or quarter we recommend you share your business financials openly with your employees. You might set up a staff meeting, print out your profit/loss statement for the month, and talk about what went well, where you gained, and where you lost. Do not share your salary if you are uncomfortable with that but do let your employees know where the business stands.

While many business owners are complaining about how massage therapists do not understand overhead costs, your therapists will connect those numbers with their pay structure and compensation plan. Your employees will know how they are contributing to the overall success of the business.

During these staff meetings, give out rewards for top performers on your team, both monetary and non-monetary. Have a plan for what these rewards will be, and the milestones required to receive them. Do not hold back praise and rewards.

EMPLOYEE RETENTION STRATEGY

Staff Turnover

It is no secret that massage businesses experience high staff turnover frequently. Part of the reason for this is not having a compensation plan that works. The average cost to hire and train an employee is about \$30,000.00. You do not want to be the business owner who must continually repeat this process. So, how do we keep our people once we have hired them?

Performance Reviews

A one-on-one performance review performed after the first 90 days and on a monthly or quarterly basis is vital. Your performance review form should look at all metrics affecting your employee's income, revenue, soft skills, and customer service. Look at how well your employee adheres to policies, standards, and procedures, and how they fit into the company culture.

Use this time to praise your employees, perform disciplinary actions, work together on training needs, and create performance improvement plans alongside your employees. You want each employee to have all the tools and knowledge they need to become an A player in your business. Keep your standards high, but your benchmarks achievable.

Input on Policies and Procedures

Giving your employees input on the policies and procedures that affect their jobs gives them a sense of ownership and control and lets them know you respect their ideas. Solicit their ideas on how to improve policies and procedures and do everything you can to make them work in a mutually beneficial way.

Positive Praise and Effective Communication

Sometimes things go wrong, but no one likes a grumpy business owner or a stressed-out spa manager. Bring a positive attitude to the workplace. Dole out praise to your employees like it is nobody's business. Say please and thank you. Laugh with your team and be authentically you. Be vulnerable and human. That is all they really want, and if you do this, they will reflect the same back to you.

Effective communication means being supportive, knowing how to coach employees to find the answers themselves, being direct and up front about your expectations, and staying calm, handling problems with speed and grace. This is what you want your employees to do, so, be a role model and do the same for them.

EMPLOYEE RETENTION STRATEGY

Positive Praise & Effective Communication

A lot of business owners become jaded over time as they are pulled in too many directions, deal with too many issues, are unable to delegate well, and frustrated that profits are not higher. We get it – it can be negative.

Your self-care is of the utmost importance. Part of taking care of yourself means to take advantage of the fact that you own a massage business! Use the services! Ask for quiet time to reflect. Do not always be on call. Trust your employees. Get away when you must. Do not speak to your employees when you are frustrated or angry. Avoid burnout by limiting your work hours. Exercise and eat healthily. Do take care of any problems at work as quickly and effectively as you can. Be honest, lead with integrity and follow-through.

Flexibility

Be flexible with your employees. Have people on your staff who are willing to back up others who call out for the day. If you do not have this now, consider hiring an on-call therapist. Offer to change employee schedules if a different schedule works better. Have someone handle time off requests so that you do not have to do that. Allow therapists to leave early or come in later if they are not booked.

Always be sure to allow for sick time, family emergencies, bereavement, jury duty, voting, religious holidays, mental health days, and time off for injuries. It is staggering how many employers want therapists to work through injuries, deaths in the family, illness, and personal issues. Do not be that employer. It is bad for your reputation, and it puts your client's experience in jeopardy.

Recognize Burnout

Every manager, front desk employee, and massage business owner should be trained to recognize the signs of burnout in service providers. Burnout can look like being disengaged from coworkers and clients, going through the motions, coming to work tired, being exhausted after work, a bad attitude, chronic pain, chronic complaining, escalating tension, workplace drama, and losing your cool.

When a service provider gets burnout, they need a recovery period. If you notice any of the signs, talk to your employee and find out what they think they need, and plan to give it to them. They may need more time in between appointments, longer lunches, more breaks, a 4-day weekend, or a week or two off. Provide that support to them.

EMPLOYEE RETENTION STRATEGY

Recognize Burnout

Keep a list of mental health resources in your office available to give to your employees and the number to a counselor or therapist that can help – perhaps one you have formed a relationship with that will give discounted sessions to your staff. Hook them up and take care of their needs during this time. If you do this, you might save yourself the loss of a great employee who is simply worn out.

Opportunities for Professional Development

Many employers cover the cost of continuing education. Consider this if you are not already, providing online training for your employees or hiring a local CE provider to come in and provide fun training for your staff. When therapists keep learning new things, it staves off boredom and puts more tools in their toolbox to assist your customers.

Offering the opportunity to learn all aspects of massage operations and the business will give you a huge advantage in the labor market. Provide training on new services, offer fun lunch, and learn meetings periodically, provide association memberships and liability insurance, take them to events to work with the public, and even consider massage school tuition reimbursement plans as part of your compensation package.

Leadership Development

Leadership development is vital for your managers, supervisors, and front desk staff. Provide day-to-day operations training, product knowledge training, retail sales training, and give them the opportunity to experience all your services.

Teach them the definitions of each service and what is required to perform them. You could even go so far as to let them practice the services on employees, shadowing a service provider, to really feel the energy and endurance it takes to provide massage therapy. Put them in your service provider's shoes and we guarantee they will look at your service providers differently. Massage business owners who have never been massage therapists should do the same.

Hook your management and front desk staff up with online courses in leadership, webinars and seminars they might find interesting, and keep finding opportunities for them to advance their skills.

EMPLOYEE RETENTION STRATEGY

Respect Boundaries & Know Your Workers

Each employee will have their own moral code, personal tolerance levels, and boundaries. Do not cross these boundaries, and do not let others cross their boundaries either. It is important to understand your employees' personalities, how they handle conflict, and how they work with others. Are they introverts, extroverts, conformists, or non-conformists?

Myers-Briggs offers a great personality test you can use to find out more about your employees and share that information throughout your location. The enneagram is also a great tool to assess personality types. Mindtools has a leadership style test your managers and admin staff can take for free. Circulate forms with personal questions and preferences and keep those on file for gifts and rewards.

Employee Engagement

Offer incentives to come to meetings such as free dinner, gift cards and contest rewards. If your employees have children and they cannot find childcare, offer a room to the children to play while you meet or a Zoom alternative for employees to attend from home.

Send out anonymous staff surveys to solicit feedback. You can do these free on Survey Monkey if you have 10 or less employees, or you can create an engagement survey with a simple Google form. Offer yearly bonuses for people who attend every meeting and every training session. Keep your employees as engaged as possible. Do not waste their time – always have a good reason for them to attend meetings and events and have a few celebrations throughout the year. Celebrate their birthdays and give them holiday gifts.

Upward Mobility

Unfortunately, there is not much upward mobility in small businesses, but we recommend that you create this in your practice. You can easily create new job titles and spread-out advanced responsibilities. For example, a massage therapist might want to eventually be a spa manager. If they do, put them on track to get there. Formulate a plan with them and create goals and benchmarks. Another therapist might want to keep doing massage but wants to be a lead or a trainer. Again, create that plan with them. You can provide upward mobility by using a title like "Massage Specialist" if a therapist has advanced training in a certain modality. You can add "Senior Massage Therapist" to those who have career longevity, call it a promotion, and give them first booking options. Be creative with titles and rewards and offer an upward mobility plan for your service providers.

EMPLOYEE RETENTION STRATEGY

WIFM!! What's in it for me?

Whenever you add a new responsibility, also add a motivational reward. Your staff will always want to know what's in it for them. Be clear about what they get for the work they do. Show them how your compensation plan sets them up for future rewards based on their efforts.

Review each facet of the plan with all new employees. Keep a chart of their milestone achievements and show them how they have progressed over time in salary, benefits, bonuses, monetary and non-monetary rewards, and how their total compensation plan is growing as they grow, and the business grows. Always define the skills needed to reach the next milestone and remind them with rewards that their value increases over time.

PERFORMANCE MANAGEMENT STRATEGY

Your performance management plan should motivate your employees and set clear expectations. Think of your performance management plan as an ongoing process of communication between you and your employees. It is an investment in the future profitability of your business and the success of your employees. This is when you should present company, department, team, and individual goals, set benchmarks, and provide measurements to your employees in relation to their individual goals.

A performance review should be a two-way street. Ask your employees to review their job, the company, their peers, managers, and you! Do not be afraid of criticism. Use employee criticism as a tool to communicate, build trust, and improve.

Discuss performance separate from salary. Always keep it real – review the great, the good, the bad, and the ugly. This is the time for honest, transparent communication. Be vulnerable and allow your employee to also be vulnerable.

Your scoring system should be 1-5. On the lower scores, identify if your employee needs more training, does not understand the policy, has something holding back their performance, or if they just are not putting in the effort. Never assume that not wanting to put in the effort is the reason why they are not performing to your expectations. Always probe, ask, and let them tell you. Use the following increase matrix and refer to your salary increase matrix, developed earlier.

Figure 3.1 – Merit Increase Matrix

Skills	Sam	Tom	Martha	Sally	Jane	Department
Customer Service	4	3	5	4	3	
Retail Sales	2	2	5	4	3	
Pre-Books	3	1	5	4	4	
Soft Skills	4	5	5	4	3	
Attendance	2	4	5	3	4	
Adheres to Policy	4	5	5	4	4	
Massage Performance	5	3	5	4	3	
Customer Reviews	4	2	5	4	4	
Soap Notes	2	2	5	3	4	
Attitude	3	4	5	4	3	
Total	33	31	50	38	35	
Rating Summary (Avg)	3.3	3.1	5	3.8	3.5	18.7
Department Average						3.74
% Increase (Merit)	3%	3%	6%	3%	3%	
Promotion Increase	0%	0%	1%	0%	0%	
COL Increase	1%	1%	1%	1%	1%	
Total Adjusted Increase	4%	4%	8%	4%	4%	

Department Budget Average Increase: 4.8%

PERFORMANCE MANAGEMENT STRATEGY

Proficiency

You might want to have a pre-determined proficiency matrix for new hires. Determine how long it will take to learn the job and all the necessary skills. If you would like to do this, develop a matrix with increase ranges indicating the % of increase you will give for a new hire that is learning the position, up to them becoming fully proficient. Many employers give an increase at the first 90 days, then incrementally throughout the first year based on the services the new hire learns and their proficiency level. Employers that do this tend to start employees off at the lowest end of the pay scale and give small raises more often than normal as they learn. In today's climate, this may be okay for a new graduate, but we would not recommend it for a massage therapist with any level of work experience.

Correcting Outliers

An outlier is any employee who is below the minimum pay range or above the maximum range.

Minimize your outliers by bringing all employees who are not at minimum up to meet your minimum range. In the long-term employees should get raises when the market shifts, and this will create more outliers. Be strongly committed to correcting this in your business. You may decide to allocate raises based solely on where employees are in your determined salary range, in alignment with the market. If your pay is behind the market, increase higher, and if above market, decrease lower.

The other option is to do market and performance-based pay, which is what we recommend. Provide pay increases based on the market and performance. Star performers in the lower range may receive a 6% increase while star performers in the higher range receive only a 2% increase. Be flexible with your managers by providing an increase range and let them decide. This method is best if you want to pay relative to the market and reward performers. High performers have higher salaries, moderate performers' salaries shift as the market shifts. You can choose many variables to place rewards on including performance, market, seniority, etc.

For outliers over the maximum, you have a few different options. You may decide to do nothing and continue to give increases, even if they are above the salary range. Sometimes the need to keep them in the organization outweighs the costs. Their salaries will become more skewed when compared to market value, but, if they are worth it, keep rewarding them. You may decide to do tiered increases by their position in the salary range, giving them smaller increases than those below the maximum, cost of living adjustments, and annual increases. When doing this, you decrease the chances of turnover. Finally, you may decide to freeze their pay and maintain your salary cap but continue to offer performance-based bonuses. When doing this, there is a moderate to high risk of turnover.

PERFORMANCE MANAGEMENT STRATEGY

Correcting Outliers

Service providers in the massage field notice when they are no longer growing. The next step is to leave and start their own business.

You could decide to decrease their pay to save yourself money, and only increase when the market conditions change. This creates internal equity and solidifies your commitment to market-based pay; however, this is not recommended unless you have a strong desire to do so. There is a very high risk of turnover when making this decision, especially among your top performers.

METRICS & KEY PERFORMANCE INDICATORS (KPI)

Metrics

A metric is an individual, team, department, or business benchmark that is measured over time. Metrics should be tracked monthly. Following are the formulas for the details that matter.

Total Revenue	Income from all accounts, retail, memberships, gift certificates, etc.
Total Massage Revenue	Only revenue generated from massage treatments (no retail)
Total Operating Expenses	Payroll, commission, rent, supplies, repairs, taxes – everything related to core operations. (No depreciation, amortization, interest charges, or borrowing)
Gross Operating Profit	(Total Revenue – Expenses)
Total Number of Clients	Total number of clients treated in each period
Number of New Clients	Number of new clients treated in each period
Number of Re-Booked Clients	Number of Clients who rescheduled immediately after their session
Total Available Operating Hours	Total available hours of operation
Total Massage Hours Available	Total number of treatment hours available based on the number of tables you have
Total Massage Room Hours Available	Total number of treatment room hours available based on the number of rooms you have
Total Massage Hours Sold	Total Number of Hours Sold (may or may not be equivalent to total number of treatments sold)
Total Upgraded Sessions	Total of upgraded or advanced services (aromatherapy, hot stone, deep tissue – counted if your business charges more for the service) (If upgrade is offered in standard service, it does not count)
Total Massage Hours Staffed	Total number of hours your massage team is scheduled (may or may not be equivalent to total number of treatment hours sold)

METRICS & KEY PERFORMANCE INDICATORS (KPI)

KPI'S

A key performance indicator is a snapshot in time of how well your business is performing overall. KPI's should be tracked weekly and business activities should be adjusted accordingly.

Average Client Spend	<p>Total Revenue / Total # of Clients Measures the average amount clients spend per visit. The variable is the price of your services. <i>Increase by raising prices, upselling, selling memberships, packages & retail, removing low-cost services from your menu & eliminating discounts, deals, and promotions</i></p>
Average Session Length	<p>Total Session Hours Sold / Total # of Sessions Measures whether you are only selling basic services or packages at longer lengths, varied by length of sessions on menu. <i>Improve by adding longer sessions to your menu, removing shorter sessions, upselling longer sessions or longer length packages.</i></p>
Rebooking Rate	<p># of Clients who Rebook/Total # of Clients Tracks % of clients who pre-book right after treatment. High % indicates client satisfaction. Only counts clients who rebook right after session. Do not count those who rebook in the future. <i>Improve by giving incentives or bonuses for prebooking to staff and/or clients, creating a rebooking script and practicing it to perfection with staff, improving service standards & touch points, providing clients with home care & written treatment plans, shortening the time you recommend clients to return or offering small complimentary gifts after appointments (Chocolate, Hot Tea, Promotional Gifts, Free Samples)</i></p>
Upsell Rate	<p># of Upgrades / Total # of Sessions Sold Measures how effectively your team sells services. Upgrades can be sold by anyone on staff before and during sessions. <i>Improve with service sales training on upgrades, creating an upgrade sales script & practicing it to perfection, adding an upgrade menu in the treatment room, requiring each staff member to make at least one upgrade attempt on customer journey. Recognize the top sellers on your team & give generous rewards.</i></p>

METRICS & KEY PERFORMANCE INDICATORS (KPI)

KPI'S

Set goals with your KPI data. Set small increases of 5-10% goals with your staff. Make plans to improve your numbers and execute the plans.

Repeat Client Percentage	<p># of Repeat Clients / Total # of Clients Measures client satisfaction. Like rebooking rate but includes clients who do not book prebook right after session. <i>Improve by following up with past clients (60 days, 90 days+), Incentivizing future bookings (such as a free upgrade), sending personalized thank you cards in the mail, selling packages & memberships, notifying clients of current & future openings, actively engaging with past clients online, targeting former clients in an email marketing campaign</i></p>
Service Capacity	<p>Total Session Hours Sold/Total Massage Hours Available Shows how closely you are operating at full capacity based on available massage hours based on tables, not rooms. <i>Improve by hiring more providers, shortening hours of operation, scheduling more couples' massages, encouraging group bookings, increasing & improving marketing efforts, following up with past clients, notifying clients of current & future openings</i></p>
Treatment Room Occupancy	<p>Total Session Hours Sold/Total Massage Room Hours Available Measures how busy rooms are but not capacity. <i>Improve by hiring more staff, encouraging group bookings, increasing & improving marketing efforts, following up with past clients, notifying clients of openings, or shortening hours of operation</i></p>

METRICS & KEY PERFORMANCE INDICATORS (KPI)

KPI'S

Your KPI's and staff metrics are the most important data you need to keep your business operating at an efficient and profitable level.

<p>Staffing Efficiency (Massage Therapists)</p>	<p>Total Massage Treatment Hours Performed/Total Massage Hours Scheduled Measures productivity of your massage therapists in performing services. Scheduling should pay close attention to this data & front desk staff should be clearly trained to understand KPIs. If # is too low, you are overstaffed. If it is too high, you are understaffed and need to hire. <i>Improve by improving service standards & policies, improving rebooking rate, increasing marketing efforts, shortening hours of operations, notifying clients of openings, providing clients with treatment plans & shortening the recommend return time, shortening staff schedules to prevent sit time, allowing staff to work on-call.</i></p>
<p>Revenue Efficiency</p>	<p>Total Massage Revenue / Total Massage Hours Available Indicates how efficient your massage business is in terms of generating revenue. Takes all tables into consideration, not just rooms. Improve by: Scheduling more couple massages, encouraging group bookings, minimizing discounts and deals, increasing service upgrades, hiring more staff, offering services that do not require a private room. (Chair massage, mini-scalp massage, etc.)</p>
<p>Gross Operating Efficiency</p>	<p>Total Gross Operating Profit / Total Massage Hours Available Measures how efficiently the entire massage business is operating. Indicates how well you generate revenue, control expenses, and profitability. <i>Improve by minimizing product waste, improving staffing efficiency, increasing average client spend, minimizing discounts, increasing upsells, increasing rebooking rates, improving staffing efficiency, eliminating unnecessary expenses, reevaluating & adjusting wages if overpaying.</i></p>

METRICS & KEY PERFORMANCE INDICATORS (KPI)

KPI'S

<p>Attrition Staff Turnover Rate</p> <p><u>Example:</u> <i>January 2021: 15 employees May 2021: 13 employees $(15+13)/2 = 14$ – Average # of Employees) 2 employees left/14 $average=14 \times 100=14\%$ (rounded)</i></p> <p><i>70% of employees feel overwhelmed by workloads in the United States</i></p> <p><i>The possibility for a 10% increase in salary somewhere else significantly increases the chance your employees will leave.</i></p> <p><i>Dead end jobs lead to looking for different jobs. Many employees leave to advance their career or start their own businesses.</i></p> <p><i>Independent therapists are the main direct competition for massage businesses with employees.</i></p> <p><i>If you offer minimum wages, your employees will give you minimum effort.</i></p> <p><i>Your employees are your most important asset. Treat them accordingly.</i></p>	<p>Number of people who left company / Avg # of employees over a specific period.</p> <p>It is very important to understand your staff turnover rate, however, attrition trends are even more important.</p> <p>An annual rate of 5% may seem okay, but, if the first half of the year, attrition rate is 2%, and the last half of the year it jumps to 8%, this is a cause for concern that needs to be investigated. The attrition rate should always be trending down.</p> <p><i>Improve by first tracking attrition monthly, recording & analyzing trends.</i></p> <p><i>Decrease stress on the job having a negative impact on staff performance, reduce workloads, institute an employee wellness program, increase PTO, vacation, sick pay, recognize burnout signs.</i></p> <p><i>Increase wages, provide annual raises with no cap and more bonus opportunities.</i></p> <p><i>Increase the level of staff praise and appreciation by adding an employee recognition program, increasing periodic performance reviews, increasing upward mobility and advancement opportunities, adding more training and professional development. Improve team spirit, morale, and work culture by being employee-centric and positive and only hire employees that fit into the culture.</i></p> <p><i>Always perform exit interviews to find out why employees are leaving. Solicit employee feedback, both positive and negative, to find out how you can improve. Be open to employee feedback & criticism and do not take it personally.</i></p> <p><i>A good average attrition rate is 10% or less.</i></p>
---	--

COMPENSATION MODELS

Introduction

In the following section, we will review many different compensation models. Compare these compensation models, run your business numbers, and decide which one works best for you. You will need to consider your budget carefully. Changing your compensation model is something you should take seriously and take your time in deciding. Compensation models are a balance between what your business can afford and what your employees will stay with the company for. Market value needs to be taken into consideration as well as profitability factors. Your compensation model should be flexible and changed as needed to reflect your business needs. *Due to the tight labor market, we recommended increasing prices and using that additional income to pay premium market rates for Massage Therapists from 2020-2022. In 2023, during a recession, before deciding to increase your prices, look at how full your books are. If your books are not above 85%, do not increase your prices. Hold steady until inflation decreases. If your books are above 85%, increase prices and continue to pay premium market rates.*

Straight Hourly

Most massage businesses do not pay straight hourly. Massage therapists will most often find straight hourly pay when working alongside other allied healthcare providers such as chiropractors and physical therapists. Tips typically are not given in these settings. Straight hourly pay is also more common in certain states where there is no licensing requirement. ***Hourly Pay is not paid per service. It is paid for all on the clock hours. This must be clear to any potential new hire and to your employees.*** Performance bonuses and annual raises are typical in these settings. Employees are typically required to stay at work for their entire shift.

Increase to a 40-Hour Work Week

If you increase to a 40-hour workweek and give therapists other responsibilities such as operations, cleaning, laundry, etc. the hourly living wage is more feasible for your business. ***You can do this by reducing your staff, requiring more working hours with more responsibilities.***

COMPENSATION MODELS

Flat Rate

The flat rate business model typically pays minimum wage when out of service plus a flat rate for in-service massage and upgrades. The typical massage shifts in most day spas are 9am-3pm and 3pm-9pm with a half hour break. Massages are typically booked on the hour with no time in-between. In a six-hour shift, 5 hours of massage is typically booked. Employees clock in 15 minutes prior to their shifts and 15 minutes after their shifts. The flat rate does not change depending on price or discounted services. Employees typically receive tips on top of what they make for in-service massage hours. The average massage tip is \$15.00 per service.

Franchises are typically paying 22-25% of the service at a flat rate. Some therapists have been subject to wage pooling, tip credits and sub-minimum wages by franchisees. This is not recommended and will increase staff attrition, leading to high turnover rates and a negative business reputation in the labor market.

It is imperative you have a clear script when explaining this salary model to your employees with tables and figures to show examples. Many therapists find this compensation model difficult to understand, so, be as clear as you can when explaining to them. This model creates a variable income for your therapist.

We recommend, if choosing the flat rate model, that you pay a premium 30% flat rate minimum, 40% flat rate midpoint, and 50% flat rate maximum.

Straight Commission

In the straight commission business model, employees are paid on a sliding scale that may move up depending on services performed and amounts sold or down depending on discounts, deals, and promotional pricing. This is a variable and sometimes volatile income model. It is more unstable than the flat-rate model. Many businesses can opt to increase their commission rates if hourly pay is not adopted, and draws could be given instead against future commissions. This model does give the employee the freedom to leave when they are not booked. Straight commission employees can typically receive weekly cash bonuses for the work they perform. Straight commission is not typically paid in massage businesses, but it is worth looking at how this model might work.

Typical Commissions are Service Commission: 25-40% and Retail Commission: 10%. Retail commissions generally only make up a tiny fraction of a massage therapist's income. It is much more relevant to an esthetician's income. Chart out retail prices with commission rate and business rate. (Typically, 10%)

COMPENSATION MODELS

*When you do discounts and deals that are tied to employee commission rates, you end up losing more money than your employees on the services performed. **If you choose to pay straight commission, we strongly recommend that you do not discount services, run promotions, or do daily deals.***

Hourly + Massage Bonus

The Hourly + Massage Bonus model is like the flat rate model. The difference is that in the flat rate model, employees are paid minimum wage for off service hours only and flat rate massage pay for in-service hours. In the Hourly + Massage Bonus model, employees are paid an hourly wage for all hours worked, with an additional flat rate massage bonus on top. The hourly + massage bonus is more predictable for the employee and the employer. Flat rates should be between 25-40% of the service and add-on pricing. In this model, employees are typically required to stay at work for all hours of their shift, regardless of whether they are booked or not, and to take on additional tasks when not booked.

When compared to the flat rate model, this has the potential to reduce the therapist's income significantly, while increasing the profitability of the business. You will pay more taxes to the IRS on your income, and less to your massage therapists, but still come out with a higher profitability rate. This business model is typically seen in franchises with less locations than the "Big Three" (Massage Envy, Elements, Hand & Stone)

*If you are really looking to increase your own profitability and not concerned about what your employees are making, this is a good model for you. If you are employee-centric, we recommend better options. **In today's job market, this model is not recommended unless your hourly is \$15.00 or more, and your minimum massage bonus is \$20.00 or more.***

Hourly + Commission

The hourly + commission model is great for new massage businesses that are building their clientele. They help therapists sustain themselves, but still typically averages out a lower pay than most therapists are willing to work for, unless they are doing a high volume of services. In this model, you could decide to pay hourly for all hours worked plus a commission on top for in-service hours, or only pay the hourly when therapists are not in service, typically called "sit-time pay".

Some massage businesses even opt to add in the sit-time pay for only the first 90 days while the therapist builds their book of business. Your therapists will have a variable income with this model, no matter how you do it, and be subject to pay reductions based on discounts, deals, and

promotional pricing. It can be motivational for employees to push upgrades heavily to increase their pay. Employees with sales skills are needed in this model.

In this model, your therapist's weekly salary and your business payments are much closer to even. You are not paying out way less than what your therapists make or paying way more to the IRS than to your therapists. Your profit % is reduced to half of the other models, but is more balanced and still higher than normal, pending overhead expenses. Obviously, you will need to watch your other expenses more closely when deciding to use this business model.

Tiered Approach

The tiered approach is typically seen for businesses that heavily rely on service sales, upgrades, and retail sales. Hand & Stone uses this approach to pay their therapists. They have a robust service menu with many varying options, perform esthetics and massage therapy, and heavily rely on retail sales mostly made by their estheticians. They have low membership prices, packages, and series pricing on some services. If your business sounds like this, here is the tiered approach to consider.

<i>Experience Level</i>	<i>Base Pay</i>
<i>0-2 Years (New Grads Welcome)</i>	<i>\$16.00 Per Service</i>
<i>3-5 Years</i>	<i>\$18.00 Per Service</i>
<i>5-7 Years (Senior Therapist)</i>	<i>\$20.00 Per Service</i>
<i>Lead Therapist</i>	<i>\$22.00 Per Service (Base Pay Cap)</i>

The base pay increases by \$2.00 per service, based on experience levels, and caps at \$22.00 per service for leads. The tiered model has the owner make up for any pay shortages to minimum wage if it has not been reached by a therapist over a pay period and does not pay hourly.

Seniority Booking on a Tiered Approach

Scheduling considerations when hiring on a tiered approach include booking by seniority. In this case, if a Lead therapist is available, they are always booked first, and typically know how to perform all services. If a therapist with 5 years' experience is available at the same time a therapist with 2 years' experience is available and both perform the service requested, the therapist with 5 years' experience is booked first.

The seniority booking model is typically done in resort spas and day spas with extensive menu options. Because pay is typically capped, this gives senior staff members the option to make more money than new employees and keep their books full. The downside to this is that at times, less experienced employees will typically be required to stay on their shifts but may not receive any bookings for the day. If they are not booked, they may end up being cut for the day by management and often request the day off or to go home early if they do not have services. If this happens too often, the therapist will only make minimum wage for the hours they are on the clock.

COMPENSATION MODELS

Sliding Tiers

*At Hand & Stone, franchisees pay on a sliding tier, meaning that a service provider's pay can move up or down from month to month, depending on whether they hit their sales and service goals. It is viewed as an incentive to increase standard revenue generation but has the potential to cause disappointment and animosity in the workplace towards owners and manager when pay decreases take effect and may cause too much stress on employees both financially and emotionally. Managers or Owners do performance reviews for employees monthly, informing employees of their slides. Typically, these businesses have a much higher turnover rate. **A sliding tier is not recommended.***

Salaries for Service Providers

At USOLMT, we support salaries for service providers. This novel concept in massage business changes everything and we consider it the way of the future for the business of massage therapy. The salaried model is the most sustainable way to do business, and all stakeholders thrive in this model. It reduces confusion on the part of the consumer, gives service providers the opportunity to learn and control business operations, and provides predictability and ease for the business owner.

Salaried employees can still have a performance bonus, may still collect tips (in the form of service charges) and should have annual increases. What must change?

Work Week Extension: To make the salary model profitable, full-time massage therapists should be transitioned from 30-hour work weeks to 40 hours. Part-time massage therapists who typically work 2-3 jobs to make ends meet should be offered full-time, 40-hour work weeks with a shorter number of massage hours and a higher number of operations hours. We recommend 30 massage hours + 10 administrative hours for your full-time therapists and 20 massage hours + 20 administrative hours for your part-time therapists.

Eliminate Positions: The salary model eliminates front desk positions, spa attendant positions, janitorial positions, retail sales associate positions, and assistant management positions. The potential savings on these positions is huge. Consider how much you pay now for these positions. A disengaged owner may decide to manage the business themselves off-site, only coming in for performance reviews and meetings allowing trusted staff to do the rest or decide to engage in the business and perform all management duties on-site.

COMPENSATION MODELS

Salaries for Service Providers

The Pros:

Massage therapist salary does not decrease based on marketing efforts which include discounts, deals, or promotional pricing. Variable wages are eliminated in this model completely. Massage therapists can improve their credit, financing options, and mortgage options.

Massage therapists can count on the income they receive from one job and eliminate the real possibility of having to work two or three jobs to make ends meet.

Massage Therapists can learn day-to-day business operations and engage with clients on a different level, beyond the treatment room, learning the full operational spectrum of the workplace. Administrative and Cleaning / Attendant days are rest-days from the hard work of massage therapy.

Pay is no longer based on the number of clients a massage therapist can see in a day. Massage therapists may want to work longer or shorter hours, engage in more or less massage, and regardless, they will still be paid the same. Service providers have complete control over their schedules.

Business Pros:

Paying employees becomes straightforward, eliminating a lengthy and often confusing payroll process, and eliminating the possibility of mistakes due to variable pay schemes.

All non-revenue generating jobs are eliminated, saving hundreds of thousands of dollars per year.

The number of employees needed to manage the day-to-day operations of the business is reduced significantly. Staff utilization is greatly increased.

All employees become full-time and more invested in the business. Workplace culture is improved, team spirit and morale is increased, as department divisions in the workplace fade and all employees work as a cohesive team.

COMPENSATION MODELS

Salaries for Service Providers

Salaried employees may work more than 40 hours in a week, without the business being subject to paying overtime.

See the example of how the business operations would need to change to switch to salaried pay.

Let's Start with the market rates (figures are only an example):

<i>Minimum:</i>	<i>\$40,874.00</i>	<i>10%</i>
<i>Midpoint:</i>	<i>\$51,190.00</i>	<i>50%</i>
<i>Maximum:</i>	<i>\$65,709.00</i>	<i>90%</i>

Let's Say we have 3 Full-Time Front Desk People

<i>Front Desk</i>	<i>\$600.00</i>	<i>Per Week</i>
<i>Salary</i>	<i>\$31,200.00</i>	<i>Annually</i>
<i>\$14.00/hour</i>	<i>\$93,600.00</i>	<i>Eliminated Position Savings</i>

*Full-Time
(40)*

Let's Say We spread that savings over the population of our service providers (Example)

6 Massage Therapists
 \$15,600.00 Possible to Increase Salaries by \$15,000.00 PP
 Let's keep \$5,600.00 each (\$60,000.00 for you) and only increase by \$10,000.00 per provider

Salary Min	\$50,874.00
Salary Mid	\$61,190.00
Salary Max	\$75,709.00

		Massage Hours	Admin Hours	
<i>MT 1</i>	<i>\$50,874</i>	<i>18</i>	<i>22</i>	<i>*Performs Massage 3 Days/Week, 8 Hour Shifts</i>
<i>MT 2</i>	<i>\$61,190</i>	<i>24</i>	<i>16</i>	<i>*Performs Massage 4 Days/Week, 8 Hour Shifts</i>
<i>MT 3</i>	<i>\$61,190</i>	<i>24</i>	<i>16</i>	<i>*Performs Massage 4 Days/Week, 8 Hour Shifts</i>
<i>MT 4</i>	<i>\$75,709</i>	<i>30</i>	<i>10</i>	<i>*Performs Massage 5 Days/Week, 8Hour Shifts</i>
<i>MT 5</i>	<i>\$50,874</i>	<i>18</i>	<i>22</i>	<i>*Performs Massage 3 Days/Week, 8 Hour Shifts</i>
<i>MT6</i>	<i>\$75,709</i>	<i>30</i>	<i>10</i>	<i>*Performs Massage 5 Days/Week, 8 Hour Shifts</i>
		144	96	

COMPENSATION MODELS

Salaries for Service Providers

All therapists have been converted to 40-Hour work weeks, performing varying amounts of massage and varying amounts of administrative duties, cleaning, customer service, etc. Admin time can be divided over the course of the week among therapists. You need 56 hours to have 1 person covering all administrative duties. You have 40 more hours available that you can spread out among therapists over the course of the week to have double coverage. Additionally, if therapists are not fully booked, they can float between administrative and therapeutic duties. Therapists do not need to perform 8 hours of massage in their shift. Massage hours can be spread out over the course of the day and interchangeably with admin hours.

In this example, we are going to eliminate tipping all together. No matter what services or how many therapeutic services are performed in a day, Massage Therapists will be paid the same rate.

Example

MT1	\$50,874.00	Annually
40 Hours	\$978.35	Weekly
Hourly Rate	\$24.46	Hourly
6 Hour Shift	\$146.75	Daily

See the following page to see how the non-gratuity-based salary model breaks down.

**NOTE – Each business model’s compensation breakdown calculates your gross profit per day as a percentage, after payroll.*

Overhead expenses still need to be considered to reach your net profit.

To get a customized compensation spreadsheet to accompany this report with done for you formulas, order at 50% off in the USOLMT Shop.

COMPENSATION MODELS

Salaries for Service Providers

Salaried Pay

Daily Massage Therapist Pay:

Weekly Massage Therapist Pay:

Minus Taxes: Just as an example, let's use 25%

Weekly Net Pay:

Annual Net Pay:

\$146.75	Daily
\$978.35	Weekly
\$244.59	Minus Taxes
\$733.76	Net Weekly
\$38,155.50	Annual Net

Payroll Payment + Taxes

You Pay: \$ 475/week Massage Pay + \$48.25 =

Plus Taxes: Just as an example, let's use 25% =

\$978.35	Weekly
\$244.59	Plus Taxes
\$1,222.94	Weekly Payment
\$63,592.75	Annual Payment

Total Therapist Income v/s Total Business Expense

Gross Annual Income to Therapist (No Tips)

Annual Payment to Therapist + Taxes

Difference Between What You Pay & Therapists Receive

\$50,874.00
\$62,592.75
\$11,718.75

Business Income on Daily Service Example:

Total Daily Business Revenue:

Weekly Total Business Revenue:

Minus Payroll + Tax Expense:

Service Profit after Salaried Payroll

\$425.00	(Use an average of your total daily revenue)
\$2,125.00	
\$902.06	Gross Service Profit after Payroll
42.45%	Before Overhead

But what if we raised prices, by only \$15.00?

Total Daily Revenue (Full Prices)

Weekly Total Revenue (Full Prices)

Minus Salaries + Tax Expense:

Service Profit after Salaried Payroll

\$495.00	
\$2,475.00	
\$1,252.06	Gross Service Profit after Payroll
50.59%	Before Overhead

TIPS, GRATUITY & SERVICE CHARGES

Introduction

At USOLMT, we recommend that massage businesses eliminate tipping and instead raise prices and wages. To do this, the business should raise the price of the service and pay the amount of the raise to the massage therapist.

Current – Therapeutic Massage - \$80.00 – Therapist receives \$ 56. 00 at 30% commission + \$15.00 Tip. The next time the therapist may receive a \$10.00 tip, or a \$7.00 tip, or No Tip, or a \$50.00 tip – most business owners believe that over time, the variable amounts are a wash, but this is not the massage therapist’s reality.

Change – Therapeutic Massage - \$100.00 – Therapist receives \$71.00 for this service, every time. Most clients pay the same as they would with the massage + tip.

In today’s modern world, where instant gratification is everywhere, and massage therapists are becoming more recognized as health care providers rather than luxury service providers, it no longer makes sense that massage therapists continue to be paid tips.

*Originally, tips were paid prior to receiving a service, “To Insure Prompt Service – T.I.P.S.” A tipped worker makes a sub-minimum wage in most cases. Today, a tipped worker may be subject to judgement on their attractiveness, mannerisms, race, gender, political affiliation, and all sorts of wrong things by the public, and the public can hold back the tip, or hold it over the massage therapist’s head to get what they want, especially when massage therapists are paid non-living wages otherwise. This creates a dangerous power dynamic that has no place in massage therapy. **We recommend eliminating this term from your business.***

Service charges are paid as a percentage of the service price on every service a customer receives. Clients are notified of the % of the service charge prior to service and pay this amount, regardless of whether the consumer liked the service or not, and regardless of how they judge their massage therapist. If the customer complains, it is up to the business to reduce the cost of the service, thus reducing the amount of the service charge. Customary service charges are 20% of the service at hotel and resort spas. It is recommended that day spas and franchises consider adding service charges rather than allowing tips.

Gratuities are paid over and above the price and service charge as an appreciation for a service well done. If you decide to continue to allow tipping, at least eliminate the term “tipping” and call it a gratuity instead. If you decide to switch to service charges, make it clear to your customers that they can also include gratuities over and above the service charge. On the following pages, you’ll find tip options and arguments for and against tipping.

TIPS, GRATUITY & SERVICE CHARGES

Tip Options

<i>Tip Options</i>	
<i>Eliminate Tipping</i>	<p><i>Raise Price per service hour to \$15-20.00</i></p> <p><i>Disperse extra funds directly to LMT, paid on their checks as a massage bonus increase</i></p> <p><i>Benefit to Consumer: They never have to guess what tip they should pay</i></p> <p><i>Benefit to Therapist: Eliminates variable income & they make consistent money</i></p> <p><i>Benefit to Owner: Eliminate employee complaints, tip tracking possibilities of tip theft</i></p>
<i>Cash Tips & Gratuities</i>	<p><i>Provide envelopes in room for cash tips</i></p> <p><i>Encourage consumers to leave cash tips with therapists directly</i></p> <p><i>Provide Signage for a Typical Tip (20% is standard on the full price of the service, not the discounted price – provide a sign, with your menu’s full prices, and options to tip 20%, 25%, and 30%</i></p> <p><i>If tips are left at the front desk, require the desk to keep a daily log of cash tips receive & amounts and have therapists sign off on them when they receive them at the end of the day.</i></p> <p><i>Provide a daily tip tracking sheet for employees.</i></p> <p><i>Ensure employees know they are required to report and pay tax on their cash tips.</i></p>
<i>Credit Card Tips</i>	<p><i>Pay on regular paycheck (As Gratuity)</i></p> <p><i>Tips are taxed as part of regular pay</i></p> <p><i>Kept in a separate category on paycheck</i></p> <p><i>Employees will make less money on CC tips due to being taxed</i></p> <p><i>Employer reports CC tips to IRS on behalf of employees as wages paid</i></p>
<i>Service Charges</i>	<p><i>A service charge is like a required gratuity</i></p> <p><i>Typically 20% of the service price whether discounted or full price</i></p> <p><i>Customers are informed of s/charges in advance</i></p> <p><i>Provides employees with a more stable income</i></p> <p><i>Consumers pay a higher % of total compensation</i></p> <p><i>Consumers may pay gratuity on top of service charge in cash or via credit card to the therapist</i></p> <p><i>Gratuity should be on a separate line item on check stub</i></p>

TIPS, GRATUITY & SERVICE CHARGES

Daily Tip Record

Each of your therapists should be keeping a daily tip record. Use a similar chart to also keep a log at the front desk and include a column for the therapist's name.

SAMPLE DAILY TIP
RECORD

Company Name

Employee Name

Daily Tip Record

Date

Date	Client First Name	Cash Tip Received
12/02/15	Missy	\$13.00
12/02/15	Danielle	\$20.00
12/02/15	Mark	\$8.00
12/03/15	Shari	\$25.00
12/04/15	Lauren	\$18.00
12/04/15	Courtney	\$19.00
12/04/15	Steve	\$10.00
12/05/15	Kyle	\$15.00
12/09/15	Paula	\$10.00
12/10/15	Amanda	\$30.00
12/10/15	Cindy	\$11.00

If your software can print a report of the daily tips received, print it out and give it to your employees at the end of their shift. If not, track tips on an excel spreadsheet or a printed worksheet.

TIPS, GRATUITY & SERVICE CHARGES

Arguments For Tipping

Massage therapists have become accustomed to receiving daily cash tips for their work and expect them as part of their service. Cash tips provide immediate gratification and a daily cash income. Massage therapists believe they make good money with their tips, but they spend their tips more rapidly and more frivolously than they do their base income. A lot of massage therapists rely on their tips to make ends meet, especially the lowest paid among us.

Employees have not been able to make a living on the wages an employer pays alone. Many employers tell therapists not to count on their tips and to ensure they can live on their base wages, but this is generally impossible unless a therapist lives with roommates or has a spouse that provides support and pays the bills. Therapists believe it is preposterous to decline money from customers who are willing to pay them over and above customary tips. They fear that clients may not be able to afford a service charge or a higher price. Therapists are not alone in this line of thinking, as business owners fear the same. This is a fallacy, but, nevertheless, a real fear. Prices should never be based on what you think your customer can afford.

Set service charges may diminish the opportunity to earn more instantly, as the customer will become accustomed to only paying what the standard service charge is, unless gratuity is asked for at check-out. The question really is – It has always been done this way. So, why change it?

Arguments Against Tipping

Massage is health care. Tips equate massage with server jobs. No other healthcare providers accept tips. Tips are generally relegated to service or luxury rather than the healthcare system. Calculating a tip is difficult for clients after massages and increases their stress levels.

Customers do not know the standard tip and do not know if it is calculated on the full price, the discounted price, before, or after tax. Tipping increases the stress on the consumer who must choose the tip amount while employees seem to hover.

Money left on a table feels dirty and gross. Consider this when thinking over your tip policies. From the therapist's point of view, tipping serves as a justification for employers to underpay their staff. Tips put the onus on the consumer to provide the worker with a living wage. It completely absolves the employer of that responsibility.

Tips create an uncomfortable power dynamic between the customer and the service provider. Inappropriate clients may increase the amount they tip to groom or seduce a massage therapist who is low paid into sexual acts. Clients may increase or decrease tips to get what they want out of the therapist.

TIPS, GRATUITY & SERVICE CHARGES

Arguments Against Tipping

Tipping in cash increases the likelihood of theft at the front desk or by managers.

Cash tips are not shown as income and most therapists do not report them, so tipping reduces the option to get mortgages and loans for massage therapists and skews salary statistics.

Tips convey meaning. If it is a big tip, therapists believe their massage was satisfactory, but if it's a small tip, therapists believe the customer experience was bad. "To insure prompt service" does not apply to a massage therapist position.

The mood of the customer dictates the income of the employee. Tips increase opportunities for misinterpretation.

Tips foster resentment and judgement of clients who do not tip or do not tip enough. High tippers are not treated equally. Therapists will bend over backwards for a high tipper, do the bare minimum for a low tipper, and want to fire clients who do not tip. Favoritism can be bought and purchased. This creates a system of imbalance.

Tips exacerbate wage discrepancies that already impact marginalized people and increase feelings of discrimination.

Non-Gratuity

A business that operates on non-gratuity closes the gender-wage gap for this female-dominated profession and provides a stable, predictable form of income. Non-gratuity promotes honesty and gives you the ability to charge what you really want and to pay your therapists what they really deserve.

PERFORMANCE BONUS STRUCTURE

Introduction

Any massage business that wants to be successful in reducing turnover and offering career longevity needs to have a robust performance bonus structure and reward strategy. Business owners should show their reward strategy in action to their employees and educate both their management and employees about performance decisions. Reward strategies may consider changes in market conditions, career longevity, skill proficiency, job performance, the attainment of new skills, or some combination of all these things.

Once your performance bonus structure is developed, managers should be educated first, then employees. Managers need to educate on how the performance bonus structure ties into your total compensation plan before taking any action. Give managers the big picture of how this ties into your organizational goals and all the tools, frequently asked questions, scripts, and documents to lead the charge to a performance-based, employee-centric structure. Verify their understanding and ensure they know what to look for.

Figure 3.1 – Monthly Performance Bonus Structure Chart
Monthly Performance Bonus Structure Chart

Employee Name	\$50.00 30% or Higher Client Retention	\$25 30% or Higher Client Conversion	\$25.00 For Every 5 Memberships	\$25 30% or Higher Pre-Booking	\$25.00 3or More Upgrades
Employee 1	50	25	25	25	25
Employee 2					
Employee 3					
Employee 4					
Employee 5					

Consider the sample chart above. Employees can hit the goal metrics on the chart above each month to earn an extra \$150.00. Bonuses are paid on the first pay period following the end of each month in this structure. This is a real bonus structure from a franchise. The chart hangs in the break room and is updated on a weekly basis. All employees know where the others stand in relation to the bonus structure. It encourages competition and gives employees something to strive for directly. The goals laid out in this structure directly impact the bottom line of the business. The business also established minimum standards in each of these areas. If employees did not meet minimum standards, when they received a performance review, they worked with the manager on a documented performance improvement plan.

PERFORMANCE BONUS STRUCTURE

Employee Bonus Plan

In the example, the business decided that their number one priority was to retain clients. Client retention means that a client returns to see you within 30 days. They gave a \$50.00 cash reward for client retention of 30% or higher.

The client conversion means that a client signed up for the membership program. They gave \$25.00 cash for a 30% or higher client conversion to the massage therapist. This bonus was also extended to the front desk employees and was rewarded as a team effort between the service provider and the sales staff.

For every 5 new members, massage therapists and front desk staff could each earn \$25.00. This bonus had no cap. If they got 15 or 25 members in a month, they would receive \$25.00 for every 5.

The business rewarded \$25.00 for a 30% or higher re-booking rate (pre-booking). This was counted when a client rebooked immediately after their session. It did not include clients who booked later. Both the massage therapist and the front desk staff could earn this bonus.

Additionally, \$25.00 was rewarded for three or more service upgrades in a month. Each of these metrics clearly related to the company's goals of retaining clients, gaining new members, and increasing sales.

Minimum Standards

In the example above, the minimum standards were 10% Client Retention Rate, 10% Client Conversion, 1 New Member per month, 10% Pre-Booking Rate, and 1 Upgrade per month. If any employee dropped below 20%, Management would meet with the employee to design a performance improvement plan. The PIP was a written document, developed alongside the employee, to determine why they were not meeting goals, what training they needed to meet the goals, and a documented date and time to revisit the PIP. Any employee on a PIP was required to meet with their supervisor on a weekly basis.

The bonus chart provided can work for front desk, massage therapists, estheticians, and managerial staff. Consider carefully which metrics they need to hit to directly impact the bottom line of your organization and develop an ongoing reward system.

ANNUAL INCREASES & ADJUSTMENTS

Annual Increase

Annual increases are not typically offered to massage therapists or other service providers. Any business offering annual increases will have a labor market advantage, as this is a benefit that promotes career longevity as an employee. One of the main reasons that franchises and other massage businesses have such high turnover, is that they do not reward the seniority of their staff members. Once they reach the salary cap, the rewards stop, unless they move into a different position.

Cost of Living Adjustments

You should consider annual cost of living adjustments strongly in 2021 and beyond. As we have already shown, wages for massage therapists have remained stagnant for the last 20 years. Business has changed, our economy has changed, and our labor market has changed dramatically over this time. Businesses have been rewarded while employees have suffered, and this has led to the labor shortage we have today in the field of massage therapy. Today's cost of living adjustment needs to be an adjustment to the living wage for all employees, as shown on the MIT living wage calculator. Our suggestion is to reduce staff until you can pay each one a living wage. Use that staff to rebuild your business from the ground up with honesty, integrity, and employee-centric practices.

Promotion Adjustments

By this time, you should have already worked out what your upward mobility plan looks like. When employees have hit the milestones needed to achieve promotion, reward them with a pay increase. Do not allow any staff member to assume more responsibility without reward. This leads to nothing but resentment on the part of your employees. Promotion adjustments may range from 1-5% or more.

Annual Increase	Explanation
Current Average	3-5% Experience Based Geographic Location Based Industry-Sector Based May Include Non-Cash Benefits May Include Non-Cash Perks (Benefits & Perks Not Figured into Average %)
Cost of Living Adjustment	2-3% Slightly More than Current Inflation Rate (1.3%) Salary will be Stagnant if Annual Increase is 3% or Less
Employee Raise Requests	10-20% Employees who request raises will generally request 10-20% more than their current pay Employees may research the market prior to asking and bring data with them

Important Benefits

General Benefits

When health insurance attainment is tied to your job, as it is in the United States, securing a job with benefits is imperative. Massage Therapists need health insurance and other benefits. While our jobs are not extremely dangerous, there is a whole range of risks that massage therapists assume when working in the field.

Repetitive strain injury, being on your feet for long hours and constant physical activity highly increase the risk of physical injury to the massage therapist. While good body mechanics and an understanding of ergonomics can help, it is inevitable that almost every massage therapist will experience an injury or chronic pain during their career. Health insurance keeps your employees going.

Many plans do not offer dental or vision coverage. This is imperative to your employees. An employee with a bright smile can make a client's day, while an employee with missing teeth due to lack of dental care can be a real issue. Vision insurance is desperately needed by employees who work in dark rooms each day and strain their eyes, which are constantly adjusting to darkness and light hour after hour.

Burnout in the field of massage therapy is real. Benefits such as paid time off, vacation pay, paid sick time, and paid family and medical leave, paid bereavement leave, paid jury duty all serve to give your employees the much needed physical and mental health breaks they need throughout the year without having to worry about how they will pay their bills when they need time off. Mental health benefits are desperately needed.

Many massage therapists are in their 30's and 40's. These employees need 401k with retirement matching or Roth IRA's so they can contribute to their retirement savings. The best employers put up a company match, up to the first 5% for employees.

Living wages across the United States should be \$27.00 average minimum. Your local statistics can provide you with this information. Raise your pay accordingly and your prices if you must to make this work for your employees. It is the single most important thing you could do right now to attract and retain staff. Annual raises and profit sharing should be considered in addition to living wages.

Disability insurance, both short and long term can serve as a lifeline to an employee who becomes disabled on the job. Due to the nature of massage therapy, this is a real possibility. An employee is likely to need surgery due to carpal tunnel, herniated discs in the lower back, or a wide range of other conditions a career in massage therapy can cause. Accident insurance and worker's comp both fall into this category. Historically, it has been difficult for a massage therapist to be covered by Worker's Compensation insurance because most injuries are repetitive strain injuries on the fingers, thumbs, hands, and wrists. Making other options available to your employees helps them more than you could imagine.

Liability insurance is a necessary expense for your employees. Massage Therapy presents risk factors such as being accused of something illegal in the treatment room and being accused of injuring a client during treatment. These cases are the Massage Therapist's word against the Clients, where no witnesses are present. Paying liability insurance is a huge win for your employees.

Important Benefits

General Benefits

General Benefits	Explanation
Health Insurance	You May Qualify as an employer for Group Health Insurance Plans
Dental Insurance	You May Qualify as an employer for Group Dental Insurance Plans
Vision Insurance	You May Qualify as an employer for Group Vision Plans or Discounted Vision Plans
Paid Time Off	You May offer Personal PTO based on # of Hours Worked/Moth (Work 40 hrs, earn 1 hour PTO, example)
	You May offer a Set # of Personal Time off Days (With Clear Policies - 30 Days Notice)
Vacation Pay	Your Vacation Pay May be 1-5 Weeks Per Year & Increased Based on Service Years
Paid Sick Time	Your State May Require You to Pay Sick Time
	If Not, Offer 1 Sick Day Per Typical Work Week up to 40 Hours, or 10 days/year paid
401K / Retirement + Company Match	Offer Company Match of the 1st 3% of Employee Investment
Living Wage	US Statistics State \$27.00 Should be the Minimum Living Wage
Short Term Disability Insurance	May Be offered Via AFLAC, or a Local Insurance Carrier (Often Employer Paid)
Long-Term Disability Insurance	May be offered Via AFLAC, or a Local Insurance Carrier (Often Employee Paid)
Life Insurance	May offer Discounted Group Life Insurance Plan
Accident Insurance	May be Offered by a Number of Discounted Group Accident Providers
Worker's Compensation	Worker's Comp is Required
Unemployment Benefits	Unemployment is Required
Annual Raises	Offer Annual Hourly Raises of \$1.00+ or More based on Performance
Profit Sharing	Offer Annual Profit-Sharing with Employees (Gives a Sense of Ownership)
Liability Insurance	Pay for Liability Insurance (AMC, Massage Magazine, Non-Association)

Connect with massage associations and other local businesses for group purchasing power to secure these benefits for your employees. You will have a healthier, happier staff and provide them with security and stability in the long term.

Alternative Benefits & Perks

Alternative Benefits & Perks

Consider the following chart of alternative benefits and perks you might offer to your employees. Salary-based benefits include Sign-On Bonuses, Hourly Pay, Training Pay, Performance Bonus Plans, an Annual Bonus Plan, Employee Referral Bonuses, Retail Sales Commission and Membership Sales Commission. Other monetary benefits include paying for Continuing Education, Association Memberships, Student Loan Payment Stipends, Tuition Reimbursement, Unlimited Free Services for Employees, Free Use of Facilities and Friends & Family Discount Programs.

Your facility may provide benefits such as Hydraulic Tables, Organic, Cruelty-Free, or Vegan Products, Large Treatment Rooms, a Variety of Services that Save the Hands of a Massage Therapist, High Cleaning and Disinfection plus Air Quality standards, Feng-Shui design elements, waterfalls, serene, upscale, or luxury work environments. You might have windows and plants in your treatment rooms. This is a huge benefit.

You may provide the opportunity to win contest prizes, free Birthday massages, cake, cards, and gifts, anniversary gifts and rewards, some paid weekends, and holidays off, and incentives that relate to the times, like vaccine incentives for Covid-19.

Your facility might be a “Respect Massage – Zero Tolerance” facility, a GBac Star Certified Clean Facility, or a USOLMT Member facility. You may have some other business certification or rewards you have earned in your local area. These are benefits that your employees should be aware of. Everyone wants to work with a business that has a good reputation and is recognized in their community.

You might do several company events each year like an annual employee picnic and an annual holiday gala with an awards ceremony for your employees. You may engage in other events taking place in your community and also be involved with various charities or other groups that assist communities.

Consider planning and executing amazing and fun employee events as often as you can, and involve your employees in assisting with your charitable events and offering them the option to step into your networking and community groups to perform or provide education about massage to the general public and local business community.

If you decide to offer Operations training, this is a benefit that rounds out the professional development that Massage Therapists desperately need as part of their standard curriculums but are not currently offered. Instead of worrying about how an employee might steal your customer list or take what you’ve worked for, change your mindset. Trust them to run your organization in every aspect and they will be more engaged and loyal than ever!

You may offer complimentary uniforms and toiletries for employees. Your uniform should reflect your business, consider comfort and fabric, and be nice to be considered a benefit. Cheap uniforms made of polyester fabrics or tops that keep you wet all day and hold onto odors are not a benefit to your employee. A relaxed dress code and the opportunity to wear reasonable shorts is also a major benefit that your employees will appreciate. Khaki’s, Polos, and Uncomfortable footwear are outdated. Also,

Alternative Benefits & Perks

Alternative Benefits & Perks

consider color. The all-black model is quickly becoming outdated too. Consider bright colors or softer, more serene colors in addition to the climate your work in. You may also consider changing your uniform's colors with the seasons.

Employee wellness programs are all the rage at the major corporations. Even if you are a smaller business, you can follow suit by working with alternative healthcare providers in your local area to offer a complete co-op marketing program for your employees. If you have a local float spa, acupuncturist, yoga studio, chiropractor, salt room, lash studio, waxing studio, hair salon – talk to them and create a wellness program with all of them where you each do trade-for-trades for your employees or offer each other's employee's discounted services. See the Employee Wellness section for more great ideas.

Be creative to come up with benefits and perks that your employees will enjoy. Consider how you can assist in improving your team beyond the workplace. There are 8 main life aspects to consider.

You can impact your employee's spiritual life aspect by supporting time off for religious holidays, no matter what religion or spiritual path they follow. You could implement a meditation program or do sound baths with singing bowls before or after work periodically. Paid yoga classes, essential oil classes, and retreats to serene locations can all contribute to your employee's spiritual wellness. Consider your own self-development in visionary, joyful, and transformational leadership and coaching.

You can impact your employee's mental life aspect by offering mental health counseling benefits, coping mechanism training, or trauma-informed bodywork courses. Learn Active Listening, Mirroring, Empathy and how to improve your intuition. Reward competency, honesty, and integrity and be an example of that yourself.

You can have an impact on your employee's personal lives by offering family-oriented benefits and perks, offering praise to increase their self-esteem and self-confidence, encouraging vacation time, travel, and adventure. Take your employees on a road trip or a hike, and really connect on a different level. Believe in them, and they will believe in you.

As an employer, you have a direct impact on your employee's financial lives. Offer a benefit like consultations with financial advisors. Consider the experts that service you, and bring them into the workplace to consult with your employees. Show them how to track and review their payroll reports, understand their paychecks, taxes, and offer help in creating personal finance plans.

Alternative Benefits & Perks

Alternative Benefits & Perks

Your employees understand how important it is to take care of their bodies. Consider programs that can enhance their energy levels, overall health, and vitality. What do you do to take care of your body? How can you bring that to your business?

Consider your employee's family life aspects. Find out if they are married, have children, have extended family nearby, and what their support networks look like. If an employee is lacking in this area, consider your role in extending support. Love, communication, and connection are a vital part of a massage therapist's life. Your employees work alone. Don't take advantage of their enthusiasm or caring nature. Help them thrive by ensuring they have vital time to spend with their children and their families.

Think about your employee's social lives. We are more disconnected than ever. You should foster co-working relationships and friendships in the workplace. You will want to create an atmosphere your employees can enjoy. If your employee break room is small and boring, consider sprucing it up. Put the same amount of energy into that room as you do into every other aspect of your location. Bring in a couch, a television, a round table, magazines, art supplies, candy, snacks, games, books, plants, etc. Paint the walls a beautiful color and make your break room a place where feeling good is natural. Consider catering lunch as often as you can. Think beyond pizza parties and donut days. Make sure the room stays a clean, organized, and serene place for your employees to enjoy. They will appreciate that more than you can imagine.

You hold your employee's career life aspect in the palm of your hands. How you choose to support that is up to you. Your success is their success. Every time you lend a hand to ensure their success, it leads to your own success. Celebrate achievements, both large and small. When you have a growth mindset, you help your employees have a growth mindset too. Every accomplishment should be rewarded in some way.

Use the charts on the following pages for ideas. Involve your staff in brainstorming what sorts of perks they would like to have as your employees. This is an exercise in trust building, teamwork, and collaboration. Do these exercises as much as possible.

Alternative Benefits & Perks

Alternative Benefits & Perks

ALTERNATIVE BENEFITS	DETAILS
Sign on Bonus	\$500-1,500+ (Pay Out Over Time: 14 Days, 90 Days, 3 Months, 6 Months) Often Paid at % of Average Annual Compensation (10-20%)
Hourly Pay	Minimum Wage for All Hours Worked is Typically Required Do not pay less than \$15.00 Hourly Wage (Even this is not enough to live on in most areas of the country.) Pay Living Wages Based on MIT Living Wage Calculator
Training Pay	Recommend Wage + (See Hourly) for Training Pay Recommend Employers Pay for Training Practice (3 Sessions) Offer Free Continuing Education (CEU)
Employee Wellness Program	<p>Form Wellness Committee with Clear Goals / Objectives</p> <p>Post Health Tips (Bulletin Boards, Employee Newsletter)</p> <p>Observe National Health Days & Events (See www.brownielocks.com for all the observances)</p> <p>Create Wellness Bulletin Board</p> <p>Have Wellness Contests (Steps, Workouts, Self-Care Activities)</p> <p>Discounts to Gyms, Fitness Centers, Nutrition Apps & Nutrition Counsel</p> <p>Offer Online & Telehealth Health Coaching to Employees</p> <p>Create a Wellness / Self-Care Library for Employees</p> <p>Provide Healthy Snacks</p> <p>Pre-Shift Stretching & Yoga Sessions</p> <p>Post-Shift Singing Bowl / Group Coaching Sessions</p> <p>Offer Employees Free Use of Amenities</p> <p>Offer Relaxation / Rest Breaks with Table / Nap Time</p> <p>Always Allow Water into the Treatment Room</p> <p>Do Not Put Rules on Footwear (Allow Employees to Choose)</p> <p>Provide Equipment - Foam Rollers, Therabands, Weights, etc.</p> <p>Offer Body Mechanics / Ergonomic Observed Evaluations</p> <p>Offer Incentives for Flu / Covid 19 Vaccines</p> <p>Offer Product Discounts (Up to 40% Off)</p> <p>Cover Self-Care, Stress Management, Work-Life Balance Topics at Meetings</p> <p>Offer Discounts & Trades with other Local Allied Health Care Providers</p> <p>(Chiropractors, Acupuncture, Naturopaths, Dentists, Doctors, Float Spas, Yoga, etc.)</p>

Alternative Benefits & Perks

Alternative Benefits & Perks

ALTERNATIVE BENEFITS	DETAILS
Friends & Family	Discounts for Friends & Family on All Services Some Employers Offer Free Friends & Family Treatments Friends & Family Product Discounts (5-10%)
Complimentary Uniforms / Dress Code	Light Fabrics, Stain-Resistant, Dry-Fit Must Be Returned Upon Termination of Employment Relationship Take on Laundering / Uniform Upkeep as Benefit Offer 3-4 Uniforms for Full-Time, 1-2 for Part-Time Not Recommended to Require Certain types of Footwear Offer Relaxed Dress Code (Hair Color & Style, Piercings, Tattoos - OK)
Vendor Training on Products / Equipment	Employer Contract with Product & Equipment Vendors for On-Site Training Send Employees to Off-Site Vendor Training if Local (Paid Time) Provide MSDS Safety Sheets in Binder for Employees Provide Ingredient Listings for Employees Provide Protocols for Employee
Seniority Benefits	May Include Annual Pay Raises (Higher Hourly Pay) May Include Service Knowledge Increases (More Treatments / More Pay) Senior Workers May Receive First Booking (Highest Seniority to Lowest) Annual Awards for Length of Service (Pins, Certificates, etc.) Annual Increased Vacation Time for Senior Workers (Up to 5 Weeks) Increased Accommodations for Elevated Age (Break / Rest / Ergonomic Equipment)
Annual Bonus Plan	May Be Based on Profit-Sharing May Provide a Flat-Rate Bonus (\$50 - \$1500.00) May Be Based on # of Services Performed May Be Based on Revenue Generated Per Employee Typical 10-15% of Annual Revenue Generated
Annual Holiday Party	May Be an On-Site Work Event (White-Elephant, Gift Exchange) Meal Provided May be an Off-Site Formal Event (Black-Tie, Ballroom) Offer a Raffle for Prizes (Buy tickets, win prizes) Dinner, Drinks, Dancing, One Guest Per Employee

Alternative Benefits & Perks

Alternative Benefits & Perks

ALTERNATIVE BENEFITS	DETAILS
Annual Company Picnic	<p>Off-Site Outdoor Event Community Park / Local National Park or Lake Event Offer Activities for Employee's Children (Rides, Bounce Houses, Slides, etc.) Meal Provided May Choose a Water Park Event, Pool, Splash Pad Lunch, Games, Contests Offered for Employees & Family</p>
Other Company Events	<p>Monthly Employee Meetings (Ask for Employee Input, Address Concerns) Encourage Monthly Employee Massage Trades Participate in Chair Massage Events for Local Schools, Businesses, Activities Participate in a Community Event as a Group Participate in a Charitable Event as a Group</p>
Spa Operations Training	<p>Offer Front-Desk Training to LMTs Offer Lead Therapist Training Offer Retail Sales Training Offer Assistant Manager Training Offer Spa Manager Training Offer Inventory & Order Training Offer Emergency First Aid, Facility Emergency, CPR, AED Training Offer OSHA Health & Safety Training Offer Cleaning, Stocking, Receiving, Laundry Protocols & Training Offer Training on All Amenities Offer Product Knowledge Training Offer Client Membership Program Training</p>
Organic, Cruelty-Free Products	<p>Organic Lotions & Oils to Reduce Employee Toxin Exposure Cruelty-Free Products Appeal to Employees, Vegan Products Chemical-Free Cleaning Products</p>

Alternative Benefits & Perks

Alternative Benefits & Perks

ALTERNATIVE BENEFITS	DETAILS
Zero Tolerance / Respect Massage www.respectmassage.com	Offer a Clear In-House Sexual Harassment Policy among Employees Offer a Clear Path for Reporting / Escalating Sexual Solicitation Display the Respect Massage Logo & Sign on the Front Door & Each Treatment Room Offer In-House Training on Inappropriate Clients
Covid-19 & Infectious Disease	Be Up-Front About Infectious Disease Policy & Standards Offer Paid Sick Time to Employees Offer Full Cleaning / Disinfection Protocols Offer Gloves, Masks, Eye Protection Have Bloodborne Pathogen Kit On-Site Have On-Site First Aid Kit & AED Install M-13 Air Filters / HEPA Air Purifiers to Improve Air Quality Always keep Air Circulating in Treatment Rooms Keep Rooms to a Comfortable Temperature for LMT Adopt Zero Tolerance Policy for Sick Clients
Employee Referral Bonuses	Offer Up to \$200.00 Referral Bonus for Referring Employee May Be Paid Immediately or at 90 Days with the Business
Upward Mobility	Opportunity to Advance in Job Titles Lead Therapist Senior Therapist Massage Specialist (Modality Based) Training Manager Sales Manager Assistant Manager Spa / Office Manager
No Off-Service Hours	May Leave In-Between Appointments Only Required to Be at Work when Booked
Monthly Bonuses (Rebooking, Retention, Reviews, Upsells, Upgrades)	Offer Monthly Bonus Program (Up to \$200.00) Rebooking Rate Client Retention Rate Client Return Rate (# of Times in 30 Days) # of Upgrades Extra Bonus for Monthly Winner
Hydraulic Massage Tables	Save Your Back
Large Treatment Rooms	Support Good Body Mechanics

Alternative Benefits & Perks

Alternative Benefits & Perks

ALTERNATIVE BENEFITS	DETAILS
Service Variety	Save Your Hands & Body
Commission on Retail Sales	Up to 20% (Typically 10% on Retail Sales) Sometimes Required of LMTs, Sometimes Not Required
Weekends & Holidays Off	Offer 1 Weekend a Month Off, or 1-2 Weekend Days Off (Fri, Sat, Sunday) Offer Rotating Holidays Off for Workers or Close on Family Holidays Consider Worker's Families & Don't Always Require Nights & Weekends
Paid Liability Insurance / Association Membership (AMTA, ABMP)	Typically, \$240/Year + for Association Membership & Liability Insurance
Tuition Reimbursement (\$150/year)	Offer CE Tuition Reimbursement for In-Person Training Offer a reimbursement for courses on platforms like Coursera and Udemy and Online CE Sites like CE Institute.com
Student Loan Assistance (\$50-100/month)	Offer a Monthly Student-Loan Stipend or Cover Student Loan Payment / Full Tuition Partner with a Massage School to Provide Students to You & Scholarship Program
30 Minute Breaks Between Sessions	Offer AT LEAST 15 Minutes between sessions Consider Set-Up & Clean-Up Time Consider Worker's Needs (Water, Bathroom, Food, Freshen Up)
Free Birthday Massage & Retail Gift	Offer Free Massage & Retail Product as Gift or \$50+ Gift Card. Bring a cake, balloons, and have a party!
Vaccine Incentives	Today's business owners may want to think about offering a \$200.00+ incentive for worker's who receive the Covid-19 Vaccine, or even the Flu Shot as part of their Wellness Program. 64% of Consumers say they want to know they are in safer spaces, according to AMTA's 2021 Report.

Consider the true value of each of the benefits you choose to offer and include the value of those benefits in your total compensation package.

Total Compensation Summary

Summary

After all this hard work, I know you are excited to put your total compensation summary together. Your total compensation summary is a report given to your employees upon hiring. As each employee's total compensation grows, prepare updated reports or do it on an annual basis. Keep these reports so you can show your employees how their total compensation increases over time.

Example

CASH COMPENSATION & BENEFITS SUMMARY

The amount of your compensation is much more than what is indicated in your earnings statement. In addition to direct pay, it includes the value of your general and alternative benefits. In the pages that follow, we break out your total compensation.

Direct Compensation

Salary	\$36,000.00
Gratuity & Service Charge Average	\$14,000.00
Bonus	\$ 2,500.00
Annual Raise, Adjustments	\$ 2,000.00
Sales Commission	\$ 7,000.00
Total Annual Direct Compensation	\$61,500.00

General Benefits

Benefits	Plan	Coverage	Your Contribution	Our Contribution
Medical	Kaiser	EE + Family	\$2700.00	\$10,500.00
Dental	Delta	EE + Family	\$150.00	\$2400.00
Vision	EyeMed	EE + Family	\$95.00	\$375.00
Life, AD&D	Cigna	\$100,000.00	\$0	\$240.00
Spouse Life	Cigna	\$50,000.00	\$90.00	\$0
LT Disability	Cigna		\$0	\$190.00
ST Disability	Cigna		\$0	\$300.00
FICA			\$7240.00	\$7240.00
Unemployment			\$0	\$55.00
401K	Fidelity		\$2500.00	\$2500.00
EAP	LifeWorks		\$0	\$36.00
Total		\$150,000.00	\$12,775.00	\$23,836.00

Total Compensation Summary

ADDITIONAL COMPENSATION & BENEFITS SUMMARY

Other Compensation

Benefit	Value
Covid-19 & Flu Shot Vaccine Incentive	\$500.00
Birthday Celebration & Gifts	\$200.00
Student Loan Payment Program	\$1200.00
Continuing Education	\$800.00
Employee Wellness Program	\$3500.00
On the Job Training	\$4500.00
Parties & Events	\$5,000.00
Referral Bonuses	\$200.00
Amenities & Free Use of Facility	\$1500.00
Total	\$17,440.00

Consider a pie chart showing each employee's total contribution as compared to the contribution of the business. Do not be shy about showing your employees the value you bring to the table and how it directly impacts them.

FINAL SUMMARY

Too often, we hear business owners in our industry speaking negatively about employees saying they do not understand business and have no idea how much it takes to run a business. How will they ever know if you do not explain it to them? Employees will never see the true value of working for your business if you never show them what that is.

Keep in mind, we are living in a new era, one that is dominated by instant gratification and electronic connection. We cannot operate the way things have always been, or it is a likely reality that the massage industry as we know it will fail. If massage businesses want to grow and change with the times, implementing an extraordinary compensation plan that considers all the many aspects of employee-centric practices is the first step.

In this report we have considered all aspects of compensation from budgeting and planning, the hiring process, training, performance management and many different compensation models. We have considered the market range and provided local statistics in this report, customized to your geographic area and survey data. We have also provided information on gratuities, annual increases, general benefits, alternative benefits, and an employee's total compensation package. The charts, figures, and graph in this report are easily reproducible and customizable to your business needs.

We hope the information contained herein brings you valuable insight to your employees needs and sparks the creative process of enhancing the attraction of your massage business to a highly qualified and talented staff that will stay with you long term and grow your business.

-
1. Statista.com (2021), Wellness Industry Statistics & Facts, [Wellness industry - Statistics & Facts | Statista](#)
 2. MIT Living Wage Calculator, [Living Wage Calculator \(mit.edu\)](#)
 3. High Road Adoption in the Restaurant Industry, [High Road Restaurants](#)
 4. Reimagining a Sustainable Restaurant Industry in New York, 2021, One Fair Wage
 5. High Road Restaurant Adoption, (2020) Report - One Fair Wage
 6. USOLMT - Give Your Workplace a Checkup Survey, [Workplace Checkup Survey \(surveymonkey.com\)](#)
 7. ISPA Spa Industry Report, 2020
 8. Salary Data (2021) Market Analysis, [www.salary.com](#)
 9. PayScale Presentations, [www.payscale.com](#)
 10. My Massage World (2021), Savannah Bell, Business % Statistics (Efficiency Ratio)
 11. The Shift (2014) Kamillya Hunter, Metrics & KPI's
 12. Nikki Islander, LMT, The Case Against Tipping



BUSINESS CONSULTING

602-855-9039

Phoenix, Arizona

usolmt@gmail.com

Additional Services by Stephanie Rodriguez, LMT:

Hiring & Recruiting Guidance

Zoom Business Consultations

Business Forms, Templates & Reports

Employee Engagement Survey Design & Development

Marketing Collateral for Transitioning Compensation Plans

Customized Online Staff Training

(In-Person – Arizona Only)

Discounted Business Consultations for Annual Employer Members

Regular Price: \$125.00/hour – Member Price - \$62.50/hour

Order the Compensation Workbook for ½ Price as an Annual Employer Member

Regular Price - \$200.00 – Member Price - \$100.00