BRONZE

Tanning Service & Salon

Lindy Casselman

Business Plan
# BRONZE

Tanning Service & Salon

**Business Plan Outline**

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Executive Summary

How many people do you know, enjoy having a suntan?

*BRONZE* Tanning Salon & Service is designed to target all of those people you know who love to worship the sun or just like to have a little color to their skin. *BRONZE* is an indoor tanning salon offering seven great tanning beds, a clean, friendly, warm environment, a masseuse, and a nail technician.

One of the major trends of the 20th century is the importance of appearance. If you look good, you feel good. *BRONZE* immediately plays into this trend. People will do anything to add to their appearance and indoor tanning salons are a fairly inexpensive way of doing this.

My main goals with this business are to maximize profits, satisfy my customers, and enjoy myself. It has always been a dream of mine to own my own business and be my own boss. *BRONZE* is the perfect way for all of these dreams to come true. I can enjoy myself and make a substantial living.

*BRONZE* will be located at 612 Main Street, in downtown Grand Junction, Colorado. This location offers great parking and accessibility along with a very flexible floor plan. This property also has all of the electrical capabilities that are needed to open a tanning salon. With a few minor inexpensive adjustments, this property will be quite suitable for the business I have planned. I enjoy the downtown area of Grand Junction and find it to be the perfect spot for a tanning salon.

Mesa County now supports three other similar tanning facilities. I plan to out price these salons, while offering higher quality equipment, additional salon services and a superior atmosphere. The additional services I will provide consist of a sub-contracted masseuse and a sub-contracted nail technician. Both of these employees are somewhat on their own in terms of profit, however, they will rent space from me on a month to month basis. This is designed to give customers added enjoyment and convenience, while giving me an edge over my immediate competitors. Mesa County is growing at a fast pace and will be able to support another tanning salon.

Mesa County is my geographic market. My main target market consists of Caucasian females, ages 18-49. Through my research I have found that there are 27,912 people that fit into this category in Mesa County. This makes my market penetration very easy. My goal is to get just 500 of these people to use my facilities twice a week for one year. This will allow me to reach and exceed my market penetration goal of 70% usage in the first year.

Grand Junction is a college town. Targeting college students along with high school students is also part of my business plan. I will offer special tanning package prices to these two groups of students. It is important to target these younger people. Word of mouth spreads very fast among the school age population, which can be a very beneficial and inexpensive source of advertising, crucial to a new business. My grand opening promotion consists of very inexpensive tanning services, designed to build a customer base as soon as possible.

I plan to break-even financially with *BRONZE* after two years of operation. Utilizing 70% or more of my possible tanning hours is the key to paying my initial loan in full after two
years of successful operation.

Tanning is an inexpensive service that is very appealing to a large majority of the population, especially in Mesa County. I am very excited about BRONZE. Many, many people enjoy being in the sun and enjoy having a bronze tan. With the right combination of marketing, management, and financial planning BRONZE Tanning Service & Salon will be a success.
Section I: Business Description

A-Business Concept
People want to look great and feel great. Services that will help people acquire this feeling, is a fine business choice.

I plan to open a tanning salon in the Grand Junction area. I will also offer a nail technician, a masseuse, a great atmosphere, and friendly service. Women as well as men take advantage of pampering. People will want to come in and enjoy this salon.

It is important for people to feel good about themselves and appreciate being who they are. Looking good is the first step in feeling better about yourself. Services such as tanning, nails, and massage can help achieve the image people are looking for. I hope by opening this business I can help people.

B-Business Name
The name of my business will be: BRONZE Tanning Service and Salon
I will register this name through the Department of Revenue (see appendix A). This name is available to use in the Grand Junction area.

C-Goals
BRONZE Tanning Service and Salon will be an escape from an ordinary job.
Independence, profit, and enjoyment are my reasons for opening a business. I want the freedom to make my own decisions about business and life. Opening my own business is a huge commitment. With the right combination of attitude and business sense, BRONZE will be a huge success. I am willing to commit myself to this business and make things happen.

One of my goals is to break-even in 24 months after opening BRONZE. My target break-even date is January 1, 2004.

My main objective with BRONZE is to make a profit, while enjoying myself and my customers. I want to achieve customer satisfaction and gratification.

D-Industry Analysis
The indoor tanning industry is a large industry. The number of tanning salons nationally is outrageous. If there are thirteen alone in Grand Junction, this means thousands maybe even millions of salons nationally. The average salon maintains a customer base of 2,053 patrons. This is a very large and growing industry. As I said before the trend nationally is the better you look the better you feel. Salons offering tanning and other services contribute to this trend.

In the Grand Junction area there are at least thirteen indoor tanning facilities. Three of these facilities are tanning salons only. Ten of these facilities include hair, nail, fitness, massage, skin, chiropractic, spa, and even movie rental services. This is a large number of salons for, a town this size. Therefore, the market is good in Grand Junction. The indoor tanning industry is growing on a local and national basis (see appendix B).
**E-Form of Ownership**

*BRONZE* Tanning Service and Salon will be a sole proprietorship. I plan to open and run this business myself. Running my own business has always been a dream of mine. I see this as the perfect opportunity.

In order to run this business as a sole proprietorship, I have raised the capital necessary. I am liable for this business. I understand being an entrepreneur is a risk.

I will also open a separate checking account for *BRONZE*. All business transactions will take place through this account.

**F-Facility Requirements**

In order to open *BRONZE* Tanning Service and Salon I will need the following facilities:

- At least 2,000 square feet of space
- Electrical capabilities and installment
- Adequate parking
- Portable walls for separate rooms
- At least one bathroom facility

The location that I am aiming for is 612 Main Street in Grand Junction, Colorado. This space is currently for rent. It is a 3,000 square feet unit, 25 feet across, containing one bathroom facility, and city parking directly across the street. The adequate electrical capability exists. Some minor wiring changes will have to take place. Portable walls may be installed and removed as I wish. I will also do some painting and redecorating. Other than these things I listed, this facility is very adequate for this type of business. This facility will rent for $1,200.00 a month plus utilities (*1 actual quote).

**Sign**

A sign will be necessary for the front of the building. I plan to order an Econo-Light sign for the store front. This sign will be designed with as many colors as I wish. The sign will also be lit from behind. Econo-Light is a fairly new product that is, inexpensive and long lasting. Many of the downtown businesses have gone to this type of sign for their store fronts. A sign like this runs anywhere from $800.00 - $1,000.00 (*2 actual quote), depending on the size of the sign.

**G-Opening Date**

*BRONZE* Tanning Service and Salon will open its doors on February 1, 2002. Opening on this day will allow us to work out any kinks in the system before the summer rush. The summer rush begins toward the end of February and beginning of March. Customers will be preparing for the summer months. Prom for high school girls, and spring break for college

*Quote from Grand Junction, downtown property owner. Actual price of rental at 612 Main Street, Grand Junction.

*Quote from Angel Sign, CO., Grand Junction.
students is right around this time as well. This is the tanning industries peak sales time. I want to make sure my doors are open and I am ready for business during this time.

**H-Legal Requirements**
There are several legal issues that I need to be aware of when opening my own business. Below is a checklist of things I need to do before opening my own business:

- Register an employee tax identification number (see appendix C)
- Register business through the Colorado Business Registration (see appendix D)
- Contact OSHA
- Find a licensed and certified Masseuse and Nail Technician
- Check into health codes and special permits
- Inspect heating and electrical units in rental
- Join the North American Alliance of Tanning Salon Owners
- Update myself on new legislation, in the indoor tanning industry

- Have an accountant set up:
  - financial books
  - financial statements
  - payrolls

- Have a lawyer look over or register me for:
  - lease agreement
  - retail sales tax
  - individual income tax
  - unemployment insurance
  - workers’ compensation
  - property taxes
  - business insurance
  - business liability
Section II: Marketing Plan

A-Geographic Market
Mesa County, Colorado

B-Customer Profile
My target market consists of Caucasian females, ages 18-49 (see appendix B).

C-Potential Customers
The projected number of females, ages 18-49 in Mesa County is 28,540 (see appendix E). In Mesa County the Caucasian population makes up 97.8% of the total population (see appendix F). Therefore, 28,540 X .978=27,912.12. My potential customer base is 27,912 Caucasian females.

D-Market Penetration
The projected market penetration number that I came up with, reflects the possible number of tanning hours available at BRONZE. I will aim to use 70% of all possible tanning hours in the first year of operation.

Market Penetration Goal is 500 customers, tanning twice a week for a year. This will give me 52,000 total tans in one year. This amount was calculated on the Market Penetration Worksheet (see appendix G).
E-Competitive Analysis

<table>
<thead>
<tr>
<th>Competition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment</td>
</tr>
<tr>
<td>Riviera Tanning</td>
</tr>
<tr>
<td>Tan Perfection</td>
</tr>
<tr>
<td>Tanfastic</td>
</tr>
</tbody>
</table>

**BRONZE Tanning Service & Salon**

<table>
<thead>
<tr>
<th>BRONZE Tanning Service &amp; Salon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment</td>
</tr>
<tr>
<td>BRONZE</td>
</tr>
</tbody>
</table>

* There are many different types of units that are available to use in a tanning salon. They range from high-powered, hot beds to low-powered, cooler beds. Stand-Up units are also available to maximize results.

* Cleanliness is very important to me as a consumer and as a business owner. Keeping a clean salon is one of my highest priorities. I graded each of my competitors by using, above satisfactory, satisfactory, average, below average, and failing.

* My main competitors offer tanning services alone. I will offer a masseuse and nail technician.

* The final process in analyzing my competitors was to rank them on a scale from 1-10. Ten being exceptional and one failing. The criteria consisted of overall service, technology, equipment, salon set-up, results, convenience, decoration, and the desire I experienced to use their service again.

**F-Pricing**

Market Penetration is my pricing strategy for the first month. Discounts will appeal to the customers, allowing us to show off the salon and establish a customer base.

I will offer a $5.00 discount on all tanning packages that I sell, along with a $1.00 discount on all individually purchased tans.

**Grand Opening Promotion**
High Powered Unit:

- Individual tan $4.00
- 5 tans for $15.00

Medium Powered Unit:

- Individual tan $3.00
- 20 tans for $60.00

Stand-Up Unit:

- Individual tan $4.00
- One month unlimited tanning for $70.00

Packages Include:

- 10 tans for $30.00

I will use the Market Penetration pricing strategy for the first two months of business. March 1, 2002 I will begin using the Status Quo pricing approach, offering the same prices as my competition. I will incorporate some sporadic monthly specials or incentives into this pricing strategy.

Regular Prices

High Powered Unit:

- Individual tan $5.00
- 5 tans for $20.00

Medium Powered Unit:

- Individual tan $4.00
- 20 tans for $65.00

Stand-Up Unit:

- One month unlimited for $75.00

(all beds included in these prices)

G-Promotion

The grand opening is a one time thing for business. If done right the grand opening can make or break your business. I will be opening on February 1, 2002. This is a prime time for people to start working on their summer tan. Included is a promotion flyer (see appendix H).

To promote my grand opening I will do the following:

- Run a 1/4 page newspaper advertisement in the Grand Junction Daily Sentinel for one weekend prior to grand opening (Friday, Saturday, and Sunday).
- This will cost $610.47 for Friday, $406.98 for Saturday, and $868.77 for Sunday.
(*3 actual quote).
- $610.47 + $406.98 + $868.77 = $1886.22

- Post grand opening promotion flyers throughout the Mesa State College Campus.
  - This will cost approximately $150.00.

- Submit a 1/16 page advertisement to the Quest Dex yellow page’s phone book.
  - This will cost $61.00 a month or $732.00 a year (*4 actual quote).

*Quote from the Grand Junction Daily Sentinel, display advertising office.

*Quote from Quest Dex Phone Book, yellow pages advertising.
Section III: Management Plan

A-Employees

Owner-As the owner of BRONZE. I am responsible for everything. It is my job to hire well qualified and trusting employees. As owner I have set aside duties for myself, they will be to:

- Schedule and contact employees
- Give proper job descriptions and schedules
- Make sure facilities and/or equipment is running correctly
- Make sure supplies are adequate
- Clean and organize the store
- Deal with promotions and advertising
- Promote good customer service
- Encourage employee moral

Sub-Contracted Masseuse and Nail Technician-These two employees are on their own when it comes to profit. However, I still expect them to look after the store and encourage their customers to use the tanning facilities available.

Full-time Employee-This employee will work 40-hours a week. They will do the following:

- Answer phones and make appointments
- Solve problems among part-time and fill-in employees
- Operate the computer unit
- Reset tanning units
- Clean tanning units when necessary

Part-time Employees-These employees will work approximately 20-hours a week. They will take over the full-time employees job duties when the full-time employee is not working. They will be responsible for the following things when they are working will the full-time employee:

- Sanitize units after they are used
- Show new customers how to operate units
- Show customers to tanning units
- Assist full-time employee when needed

Fill-in Employees-These employees will be utilized, mainly in the busy season, February, March, April, May, and June. They will work approximately 10-hours a week and be used as a fill-in when another employee asks for time from work. Their job duties consist of the same responsibilities as those of the part-time employees.

B-Organizational Chart

I will employee five employees at BRONZE and two subcontracted employees. They
include:
- One masseuse.
- One nail technician.
- One full-time employee, working 40-hours per week.
- Two part-time employees, working 20-hours per week.
- Two fill-in employees, working 10-hours per week.

The chart below represents the chain of command. I plan on using at BRONZE.

<table>
<thead>
<tr>
<th>Employee Organizational Chart</th>
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</thead>
<tbody>
<tr>
<td>Owner-Lindy Casselman</td>
</tr>
<tr>
<td>Sub-Contracted Masseuse &amp;</td>
</tr>
<tr>
<td>Sub-Contracted Nail Technician</td>
</tr>
<tr>
<td>Full-time Employee</td>
</tr>
</tbody>
</table>

**Resume**

I have included a current resume, with three references, including one banking reference (see appendix I).

**C-Business Expertise**

I have been a consumer in the indoor tanning industry since I turned eighteen years old and it was legal for me to use tanning facilities without supervision. With the background of a consumer in this area of business, I feel I am very qualified and have the experience I need to make my own indoor tanning establishment profitable.

In the Grand Junction and Greeley, Colorado areas, there are many successful indoor tanning facilities. I have made a point to use most of these salons. I have surveyed friends and relatives about their best tanning experiences. This research I have done will allow me to establish a successful facility.
The indoor tanning industry allows people to feel good and look good. The demand for physical appearance in our society grows stronger every day. The tanning industry is a way of marketing to that growth.
# Section IV: Financial Plan

## A-Initial Capitalization

**Pro Forma Statement**

### Beginning Inventory

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tanning Accelerator Lotions</td>
<td>Various Types and Brands</td>
<td>$1,000</td>
</tr>
<tr>
<td>Tanning Goggles</td>
<td>UV Protection Goggles in Various Colors</td>
<td>$200</td>
</tr>
</tbody>
</table>

**Total Beginning Inventory** $1,200

### Tanning Store

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security Deposit</td>
<td>Rental Space-One Months Rent</td>
<td>$1,200</td>
</tr>
<tr>
<td>Sign</td>
<td>Store Front Sign</td>
<td>$900</td>
</tr>
<tr>
<td>Equipment*</td>
<td>Tanning Beds, Computer, Desk, Chairs, Fans, Masseuse Table, Nail Tech Table, Decor, Portable Walls</td>
<td>$63,750</td>
</tr>
<tr>
<td>Supples*</td>
<td>Office Supplies, Towels, Cleaning Supplies, Toiletries, UV Stickers</td>
<td>$3,000</td>
</tr>
<tr>
<td>Tanning Bulbs*</td>
<td>1st Replacement Tanning Bulbs</td>
<td>$5,500</td>
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**Total Tanning Store** $74,350

### Other Associated Costs

<table>
<thead>
<tr>
<th>Item</th>
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<th>Cost</th>
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<tbody>
<tr>
<td>Advertising*</td>
<td>Initial Campaign</td>
<td>$2,098</td>
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<tr>
<td>Accountant Fees*</td>
<td>Associated with Payroll and Books</td>
<td>$375</td>
</tr>
<tr>
<td>Legal Fees*</td>
<td>Associated with License and Registration</td>
<td>$500</td>
</tr>
<tr>
<td>Heat, Light, Power, and</td>
<td>Initial Start Up Costs/Deposits</td>
<td>$2,000</td>
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<tr>
<td>Telephone Hook-up</td>
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<tr>
<td>Insurance Deposit*</td>
<td>Fees Associated with Start Up Policy</td>
<td>$125</td>
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<tr>
<td>Misc. Items</td>
<td>Keys, Security Locks, Security Lights</td>
<td>$500</td>
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**Total Other Costs** $5,598

### 3 Months Operating

**Total Initial Capitalization Costs** $102,643

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<th>Item</th>
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<tr>
<td>Required Financing</td>
<td>Total Inventory</td>
<td>$1,200</td>
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<tr>
<td></td>
<td>Tanning Store</td>
<td>$74,350</td>
</tr>
<tr>
<td></td>
<td>Total Other Costs</td>
<td>$5,598</td>
</tr>
<tr>
<td></td>
<td>Total 3-Months Operating</td>
<td>$21,495</td>
</tr>
<tr>
<td>Less: Principals Portion</td>
<td>40% of Total Initial Capitalization</td>
<td>$41,057</td>
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**Total Required Financing** $61,586
<table>
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<tr>
<th>Term of Financing</th>
<th>9% For 2 Years</th>
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<tbody>
<tr>
<td><strong>Total Financed</strong></td>
<td><strong>$62,000</strong></td>
</tr>
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</table>
Appendices

Appendix A
- Trade Name Registration Form from the Colorado Department of Revenue

Appendix B
- Growth trend’s reference found online at, http://www.sundash.com/sb05.htm

Appendix C
- Application for Employee Identification Number Form SS-4

Appendix D
- Colorado Business Registration Form CR-100

Appendix E
- Mesa County census projection (2001) for females, ages 18-49. Found online at, http://www.dola.state.co.us/demog/widepro3.cfm

Appendix F
- Mesa County census Caucasian population percentage. Found online at, http://quickfacts.census.gov/cgi-bin/county?cnty=08077
Market Penetration Worksheet

Business Hours

- Monday ⇒ Friday
  - 7:00 a.m. to 10:00 p.m. = 15 hours day \( \times 5 \) days week = 75 hours
- Saturday
  - 9:00 a.m. to 8:00 p.m. = 11 hours day
- Sunday
  - 10:00 a.m. to 6:00 p.m. = 8 hours day

Operating Hours

- Total operating hours in one week
  - 75 + 11 + 5 = 94
- Operate 360\(^5\) days a year or approximately 52 weeks a year
  - 52 \( \times \) 94 = 4,888 total tanning hours in one year

Tanning Sessions

- Two possible tanning sessions in each operating hour
  - 4,888 \( \times \) 2 = 9,776 total tanning sessions in one year, for one tanning unit
- Seven possible tanning units available
  - 9,776 \( \times \) 7 = 68,432 tanning sessions available for BRONZE Tanning Service & Salon facilities

Market Penetration Number

- BRONZE Market Penetration goal is to use 70% of these available tanning sessions
  - 68,432 \( \times \) .70 = 47,902.4 or 47,903 tanning sessions need to be used in order to operate BRONZE

\(^5\) Salon operates 360 days a year, we close for Thanksgiving, Christmas Day, New Year’s Day, Easter Day, and Labor Day.
Customer Market Penetration

- Goal of 500 customers to tan twice a week for a year
  - 52 weeks a year X 2 times per week = 104 times a year
  - 500 X 104 = 52,000 total tans in one year which exceeds my penetration goal of 47,903.

Appendix H

- Promotion sign-advertising

Appendix I

- Current resume with references
Appendix J

Initial Capitalization Worksheet

Equipment*

- Tanning Beds
  - Solaris Plus 42 3F 3 beds X $8,099 = $24,297
  - Pro 28LE Series 3 beds X $3,699 = $11,097
  - Sun-Dome XL48 1 unit X $7,449 = $7,449
- Total Tanning Bed Cost = $42,843 + Installation Fee + Taxes = $45,000

- Computer
  - Printer and Software = $2,000
- Computer Desk = $250
- Chairs = $500
- Fans = $400
- Masseuse Table = $1,000
- Nail Technician Table = $500
- Decor
  - Pictures, Posters, Bathroom, and Tanning Room Decorations = $5,000
- Portable Walls
  - Separate Tanning Beds, Installation, and Required Parts and Tools = $9,100

Supplies*

- Office Supplies
  - Letterhead, Business Cards, Envelopes, Stamps, Pens, Paper, Exc. = $2,000
- Towels = $300
- Cleaning Supplies
  - For Tanning Beds and General Cleaning = $400
- Toiletries
  - For Customer Use After Tanning
    - Lotion, Deodorant, Body Spray = $300

Tanning Bulbs*

- Replacement Bulbs (every two months)
  - Case of 24 Bulbs on Avg $500
  - 7 Beds have 258 Bulbs - 11 Cases X $500 = $5,500

Associated Costs*

- Advertising
  - Daily Sentinel Advertisement = $1,886.22
  - Promotion Flyers = $150
- Yellow Pages (monthly)= $61
  - Accountant Fees
    - 5 hours $100=$500
  - Legal Fees
    - 5 hours $75=$375
  - Insurance Deposit
    - No Deposit Required
    - General Liability $1,100 (annually) 1\textsuperscript{st} Month=$92.00
    - Contents $400 (annually) 1\textsuperscript{st} Month=$33.00
Cash Flow Worksheet

Cash Sales*

- Market Penetration=47,903 tans per year
- Multiplied by $4.00 average cost per tan 47,903 X $4.00=$191,612
  - Distributed over 12 months-February-9%-March-14%-April-12%-May-8%-June-7%-July-7%-August-8%-September-7%-October-7%-November-7%-December-7%-January-7%

Product Sales*

- Total Inventory-Tanning Accelerator Lotions=$1,000
- Total Inventory-Tanning Goggles=$200
- Total Inventory=$1,200
  - Distributed over 12 months (using same distribution as tanning cash sales)

Sub-Contracted Income*

- Masseuse and Nail Technician
  - $300 each per month
  - $300 X 2=$600 X 12 months=$7,200 total income sub-contracted employees

Wages*

- Full-Time Employee
  - Salary-$15,000 per year or $1,250 per month
  - FICA-$1,250 X 6.2%=$77.50 per month
  - Medicare-$1,250 X 1.45%=$18.13 per month
- 2 Part-Time Employees
  - 20 hours per week-$6 an hour-$12,480 per year or $1,040 per month
  - FICA-$1,040 X 6.2%=$64.48 per month
  - Medicare-$1,040 X 1.45%=$15.08 per month
- 2 Fill-In Employees
  - 10 hours per week-$5.15 an hour-$5,356 per year or $446 per month
  - FICA-$446 X 6.2%=$27.65 per month
  - Medicare-$446 X 1.45%=$6.47 per month
Appendix L

- Amortization Table
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*see appendix K  
**see appendix L
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