

**Exploring Business Growth Aspirations and Strategic Planning of Hair Dressing Salons in South Africa**

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— *Review of* —  
**Integrative  
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— *Research* —

**ABSTRACT**

The entrepreneur needs to be knowledgeable about all the activities that occur in the business in order to effectively growth the business. The purpose of this paper was to explore the business growth aspirations and strategic planning of hair salon businesses. Fifty-two respondents were interviewed in a survey using a structured questionnaire.

The empirical study investigated whether salons owners had business growth aspirations and if they plan strategically. It appears that hair salons have business growth aspirations but do not actively engage in strategic planning for business growth. It seems that owners of hair salons do not manage their businesses with a strategic focus and do not regard having a business plan as essential to business growth. Only by engaging effectively and efficiently in long-term strategic planning can hair salon owners aspire to achieve business growth.

**Key words:** Business growth, management, strategic planning, hair salons

**1. INTRODUCTION**

Analysis of business failures over many years has shown that the majority of businesses that fail, do so mainly due to inadequate management skills and lack of finance. The rapid growth of small businesses over recent years has led to the exposure of key growth constraints in the economy, which have deterred small businesses from attaining higher economic growth rates over the medium to longer term (Laubscher, 2006:1). A problem for small business managers is their reliance on others to do the work (Hodgetts & Kuratko, 2002:286).

To manage a business requires various skills and daily tasks to be executed (Van Dyk, Nel, Loedolff & Haasbroek, 2001:452). Hodgetts and Kuratko (2002:287) confirm that research shows that most managers spend too much time completing tasks. The growth of any business is related to the application of good management skills and techniques, as noted by Vossos (2012:1). Furthermore, in order to be an effective manager, skills must be developed to think strategically. Strategic thinking is a progression whereby the manager learns to take the business vision and make it a reality. This is done by developing abilities in teamwork, problem solving, and critical thinking. Strategic thinking can also help a manager to confront change, plan for and undertake transitions, and to visualise new opportunities and possibilities for the business.

The purpose of this paper is to explore the growth aspirations and strategic planning of hair salon owners. Firstly, the problem statement and objectives of the study are provided. A theoretical exposition of strategic business planning will be outlined. Thereafter, the research

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methodology of the study will be highlighted. The research results will be provided, followed by the main conclusions. Managerial implications regarding strategic business planning towards growth for hairdressing salons will also be indicated.

## 2. PROBLEM STATEMENT

Longenecker, Moore and Petty (2000:368) state that most small business managers plan to a certain degree. The planning however is usually less than adequate and tends to focus more on the short-term and immediate issues as opposed to long-term planning. According to Hughes (2003:1), every business should set a growth objective. Growth alone does not necessitate success; it is, however, a necessary element of success.

Growth in the small business will see four vital managerial actions engaged: control, responsibility, tolerance of failure, and flexibility (Hodgett & Kuratko, 2002:343). Weinzimmer (2001:2) suggests that managers at all levels are finding that growth is essential for survival. Maintenance of the market share and the general existence of the business are no longer satisfactory. It is now expected that business should achieve sustainable growth. If a business wants to increase profitability, equity and longevity, the business must grow.

Analysis of business failures over many years has shown that the majority of businesses fail mainly due to inadequate management skills and lack of finance (Laubscher 2006:1). Furthermore, the rapid growth of small businesses over recent years has led to the exposure of key growth constraints in the economy, which have deterred small businesses from attaining higher economic growth rates over the medium to longer term. A study by Timmons and Spinelli (2003:55) found that two out of every five small businesses survives for longer than six years, but that very few actually grow during the first four years.

The hairdressing industry is growing slowly. There is a high level of basic training in hairdressing but salons show reluctance to invest in external training to improve the general skills of their employees which could assist with business growth. (Habia Skills Foresight Report, 2002:1). Management qualifications among salon owners and managers are also lacking. Having being involved in the industry, it was noticed that in a hair salon the technical skills (creating hairstyles and completing colours, cuts, perms and sets) appear to be more important to the individuals in the industry than is the actual management of the business or even business growth. Because hairdressers are passionate about what they do, they rely on their technical skills to make their businesses succeed. The salon owners also rely on staff with similar technical skills. It was also observed that hairdressers rely on and ask suppliers for advice on managing their businesses or increasing their turnover. Consequently it seems that hair salon owners neglect the management side of the business and rather place the emphasis on their technical creative side, leaving many potentially successful businesses struggling to survive, not to mention trying to grow the business.

This observation led to the research in question, which is:

*Are hair salon owners having business growth aspirations and how do they go about growing their businesses?*

The study intends to identify whether hair salons have a business plan and if so which strategic actions they engage to pursue business growth. If a salon is managed well, it will run effectively and efficiently and this will impact the turnover, profitability and eventual growth of the business. The outcome of this research study is intended to provide some guidelines for both existing and new hair salons about how to strategically plan businesses growth.

### 3. OBJECTIVES

The primary objective of the study is to explore the business growth aspirations and strategic planning of hair salon owners. In order to solve the primary objective the following secondary objectives have been identified:

- To investigate in a literature study the role of strategic planning in ensuring business growth and best practices in compiling a business plan to pursue business growth;
- To empirically determine the business growth aspirations and if and how hair salon owners plan strategically;
- To provide guidelines to hair salon owners how to plan strategically and use a business plan to assist in planning business growth.

The next section highlighted the meaning of some of the concepts used in the study.

### 4. CLARIFICATION OF CONCEPTS

A hairdresser cuts and/or styles hair, using several techniques such as hair colouring, cutting, texturing, either combined or as stand-alone offerings (The Free Dictionary, 2011:1).

Strategic planning is the process of determining where a business is, where it want to be and how they are going to get to where they want to be (Hellriegel, *et al.* 2005:135).

### 5. THEORETICAL OVERVIEW

The next sections provide a theoretical overview of the role of strategic planning in a business as well as the importance of business growth and having a sound business plan.

#### 5.1 Theoretical overview on role of strategic planning

According to Hellriegel *et al.* (2005:8), planning sets out the goals of the organisation and then proposes ways to attain the goals. De Beer, Kritzinger, Venter, Steyn, Labuschagne, Ferreira, Groenewald and Stapelberg (2003:3) suggest that planning is the stage of management where the entrepreneur establishes what to achieve in the business, and how to achieve it. When a business plans, objectives are established for the business as well as the means necessary for the achievement of the established objectives. Hodgetts and Kuratko (2002:246) articulate that as a business grows, superior managerial expertise in planning will be required. It is further articulated that as the size of the business grows, so does the dependence on proficient management.

Smit and Cronje (2004:9) state that the mission and goals of the business are determined through planning. Pearce and Robinson (2000:241) articulate that strategic managers identify that profit maximisation in the short-term is rarely the best manner in which to achieve sustainable growth and profitability within the business. Hellriegel *et al.* (2005:8) state that managers plan for three reasons:

- to establish an overall direction for the future of the business;
- to identify the resources of the business and then commit these resources to the achievement of the goals of the business; and
- to determine the tasks required to achieve the goals as set out.

Mackenzie (2004:28) articulates that planning will ensure that the period planned for includes a focus on pricing and purchasing strategies and the maximisation of profit. Planning will ensure that the business remains on target, even with external factors such as supplier

increases, and will ensure that the business reflects growth. A written marketing plan can assist in the growth of a business (Habia beauty therapy salon benchmarking: Guide to business success for beauty therapy salons, 2001:14). Silbiger (2001:28) recommends that a business should create its own combination of marketing qualities and activities which is better than that of competitors.

## 5.2 Theoretical overview of business growth

hughes (2012:1) urges small business managers to consider the implications that growth could have on the business. Growth can place enormous pressure on the businesses capital position and can ultimately damage the business. All growth opportunities should therefore be viewed carefully and consequently only entered into if the business can cope with them.

Pearce and Robinson (2000:32) state that a business's growth is related to the survival and profitability thereof. According to Longenecker, Petty and Moore (2000:221) profitability is the extent to which an owner will be rewarded for an investment into a business. Pearce and Robinson (2000:31) define profitability as the mainstay goal of a business, no matter how profit is measured or defined. Long-term profit indicates the business's ability to satisfy employees and external parties such as financial institutions. To increase profits requires an increase in turnover.

According to the Investor Dictionary (2006:1), turnover is a determinant in the efficiency of a business. To increase turnover, value-adding services offer the business the opportunity to grow, as stated by Markwald (2003:40). In order to generate growth, the business must focus on high value services, and utilise numerous low value services packaged in a way that establishes value-adding services.

Mackenzie (2004:28) states that planning will ensure that the period planned for includes a focus on growth. Words' Worth (2005:4) notes that a business plan is fundamental to the success of any business, particularly if it is to grow. The business plan is a step-by-step exercise in forward thinking. It should illustrate the business idea, set out how the idea will be implemented, and must show the feasibility and sustainability of the idea. A sound business plan must contain certain elements such as budgets and cash flow forecasts, that will indicate the profit the business can expect to create, what finances are required, and the risks attached. Markwald (2003:40) suggests that the best way to identify the potential growth areas in a business is to take a rational and impersonal look at the business by completing an external analysis. In order to effectively complete an external analysis, a service provider specialising in the industry should be brought in.

According to Markwald (2003:40), if a business plans for profit, it will ensure that the business is based on a solid business plan. The business plan should therefore include marketing strategies to attract clients to the business, and then put systems in place that allow the business to provide a superior service at the lowest possible cost, and hence generate profit. Quaradeeghini (2005:6) states that one of the biggest problems experienced by small business owners is the lack of time to plan, and that making the effort and time to plan will bring rewards. The lack of planning or insufficient planning is often a major cause of premature business failure, cashflow issues in the business, and inaccuracy in areas such as human capital, growth and marketing. To avoid small business failure or encourage growth, a business plan should (Words' Worth, 2005:4):

- Identify the target market, provide clarity on the size and potential of the market, contain information about competitors and include the marketing and pricing strategies;

- Explain the features and benefits of the business, and the product or the service that is being offered, in particular focusing on unique selling points;
- Indicate the location of the business and its benefits attached;
- Illustrate the human capital base and show that the employees have the necessary skills and knowledge and can work together effectively;
- Forecast for the future to ensure that the business is sustainable for the next three to five years. Scenario planning must be worked into the forecasts with the best, worst and most likely scenarios included;
- Indicate the current as well as potential weaknesses and threats that the business endures and the action plan surrounding the overcoming of weaknesses and threats; and
- Engage in financial planning such as having an asset register, balance sheet, income statement, or forecasts for three years, cashflow statement and have conducted a break-even analysis. If wishing to expand, the loan application amount should also be stated with detail about what the funding will be used for.

An all-inclusive business plan is a vital tool in the sourcing of outside funding, attaining credit from potential suppliers, the management of the business and its finances, marketing and promotions, and the overall achievement of the business goals and objectives. According to Hodgetts and Kuratko (2002:343), managers should apply the same attitude toward the tolerance of failure in the growth phase as was experienced in the initial start-up phase. This will require change, in order to ensure that a rapid managerial response to the environmental conditions is catered for. The areas of planning, operations, and implementation will all undergo significant change during the growth phase and a flexible attitude to change is imperative.

Marx, Van Rooyen, Bosch and Reynders (2004:553) state that a business must create and uphold good relations with different external parties during the establishment and pursuit of its vision, mission, and goals. Growth in hair salons is normally planned by offering a wide range of treatments and skills development of employees. Although training could assist in skills growth, it is limited by the time and money made available by the salons' owners. (Habia Skills Foresight Report, 2002:33).

According to Hodgetts and Kuratko (2002:343), growth in a small business creates problems with control, so managers need to ensure that control measures are in place in order to ensure that the growth does not hinder the business. Control needs to be exercised in control systems, resource allocation and employee trust. The main function of controlling is to ensure that the business plans are not misdirected because of problems experienced, as the feedback attained from the management information system is used in the next planning cycle in order to eliminate mistakes in the future (Hunsaker, 2001:180).

A sense of responsibility will aid growth through the innovative performance and collective responsibility of the management. Markwald (2003:40) indicated that lack of planning and teamwork will hamper growth in the business. McIvor (2008:1) states that in order to develop the strategic position of the business the outsourcing of some support activities such as information technology may assist in attaining a competitive advantage while enabling managers to focus on their core business, and that a strong competitive position in the industry that is aggressively managed allows for consistent growth in market share over competitors. According to Hodgetts and Kuratko (2002:343), networking allows the small business access to resources which it does not possess. The ability of a small business to be

flexible during the growth phase will allow the business to continue to establish a network of relationships, needed for support during the growth process and enhance the business image.

## **6. RESEARCH METHODOLOGY**

A quantitative study was conducted to determine the business growth aspirations and strategic business planning of hair salon business owners to grow their businesses. This study follows an exploratory approach as the purpose is to ascertain whether hair salon owners have business growth aspirations. This study is also descriptive in nature as it is concerned with seeking to describe how hair salon owners apply strategic business planning in their businesses.

The population for the study is hair-dressing salon owners or managers in South Africa. The sample was limited to the hairdressing industry in the Eastern Cape, South Africa. Only hair salons operating from a business premises with a minimum annual turnover of R150 000; employing at least one qualified stylist; registered with The Employers Organisation for Hairdressing, Cosmetology and Beauty (EOHCB). If the hair salon was attached to home premises, it had to have a separate entrance to the hair salon to convey an air of professionalism. A sample of 130 hair salons were targeted but the final sample comprised of 52 hair salons in the Eastern Cape, South Africa.

Secondary data was collected through journal articles, academic text books and the internet. Primary data was collected using a survey amongst hair salon owners in the Eastern Province, South Africa by means of a semi-structured questionnaire. Data was collected during the low season in order to have the full cooperation of the business owners, as they might have more time to complete the questionnaires and more valuable input could be obtained. The questionnaires were either self-administered or by means of a face-to-face interview with hair salon owners. As some hair salons owners are not actively engaged in the management of the businesses, managers were also interviewed.

The questionnaire comprised of the following two sections:

- Section A: Exploring the business growth aspirations and strategic planning of hair salon owners; and
- Section B: Biographical data of the respondents and their businesses.

The business growth aspirations and strategic planning were explored using a five point Likert scale varying from strongly agree (5) to strongly disagree (1). The biographical data was canvassed using a nominal scale.

Data was analysed by firstly editing of the data and eliminate questionnaires that have not been completed. The data was then coded and captured on an Excel spreadsheet, after which the statistical function in Microsoft Excel were utilised to analyse the data using descriptive statistics by calculating the frequency and percentages, means and standard deviations of the data. The data was interpreted and presented in tables and figures.

A pilot study amongst ten hair salons was conducted to ensure that reliable results were obtained. As the contact details of respondents were available (attached business card), respondents could be contacted to validate answers, if necessary. The outcome of this study could be applied to any other hair salons in any region of South Africa as it is estimated that they would have similar aspirations and strategic planning expertise. The questionnaire was verified by academic experts in the field of management for face validity. The content of the

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questionnaire was based on the literature study on strategic business planning to ensure content validity.

## 7. RESULTS

The results of the biographical profile the respondents and their businesses will first be presented followed by the results of the business growth aspirations and strategic planning by the respondents in their hair salons.

### 7.1 Results of the biographical profile of respondents and businesses

Table 1 provides a summary of the biographical profile of the respondents and their businesses.

**Table1: Biographical data of the respondents and their businesses**

Biographical data		%
Gender	Male	25
	Female	75
Business language	English	79
	Afrikaans	21
Position in business	Owner	70
	Co-owner	13
	Manager	9
	Stylist	4
	No response	4
Location of hair salon	Shopping centre	42
	Near shopping centre	7
	Standalone premises	38
	Separate entrance home premises	23
Number of years in business	< 1	13
	2 - 3	12
	4 - 5	10
	> 5	65
Number of employees	Stylist	112
	Apprentices	22
	Operators	42
Income per month	R150 000 – R200 000	50
	R200 001 – R300 000	4
	R300 001 – R400 000	2
	R400 001 – R500 000	2
	R500 001 – R1 000 000	2
	R1 000 001 – R2 000 000	2
	> R2 000 000	2
	Not disclosed	36

The majority of respondents in this sample were female and English speaking. The majority of the respondents were owners and co-owners of their salons, although some managers and even some stylists were interviewed due to the absence of owners and managers in certain salons. The majority of the premises of the salons were in shopping centres and standalone

business premises with very few salons located near a shopping centre. Nearly one quarter of the hair salons are located at the owners' homes. The majority of the businesses were well-established as they have been in operation for more than five years. Salons employed mainly stylists as they generate income for the business. Half of the respondents had a monthly income of between R150 000 and R200 000. The remainder of the salons differed in their monthly income, which was as high as R2 000 000.

## 7.2 Results of the strategic planning

The results of the strategic planning actions that took place in hair salons are shown in Table 2.

**Table 2: Results of the strategic planning**

GENERAL/STRATEGIC MANAGEMENT In our salon....	% of ratings					Mean
	5	4	3	2	1	
There is a vision and mission statement	52	23	21	2	2	4.2
The vision and mission has been implemented	38	21	27	10	4	3.8
Management clarifies goals and objectives for tasks	35	50	10	3	2	4.1
There are goals in place	40	46	9	3	2	4.2
There are plans in place to achieve goals	37	40	17	6	0	4.1
Plans are implemented to achieve goals	42	38	12	6	0	4.1
Planning assists with the overall direction of the salon	44	29	15	2	6	3.9
Planning forces staff to obtain management information	31	37	13	17	2	3.8

To analyse the results contained in Table 2, the strongly agree and agree results were combined as well as the strongly disagree and disagree results. As can be seen in Table 2, 75% of the respondents agreed that they have a vision and mission for their salons and 59% have implemented it, and thus have a strategic focus. However, it must be noted that some respondents with a vision and mission had not implemented their vision and mission. There was much variation in the responses which was also reflected in the many neutral responses (21% and 27% respectively for the two statements regarding vision and mission). It is assumed that respondents who were undecided probably did not have a mission or vision in their salons. The majority (86%) of respondents agreed that there are goals in place, plans to achieve the goals (77%) and that plans are implemented to achieve goals (80%). Eighty-five % of the respondents agreed that management also clarifies the goals and objectives for the task at hand. Respondents who were undecided probably did not have goals or plans to achieve goals in place, or had received no guidance from management about goals and plans. There was, however, much variation in the responses. This indicates that some salons have a goal-focused approach whereas others have not.

The majority (73%) of the respondents agreed that planning assists with the overall direction of the salon, while only 68% of the respondents agreed that planning forces employees to obtain management information. There was considerable variation regarding the statement that planning assists with the overall direction of the salon. This could indicate that not all respondents understood the link between planning and the role it plays in giving the business direction. There was some variation in the responses to the propositions that planning forces employees to obtain management information. This was reflected in the many neutral responses and disagreement responses. When reviewing the responses to the statements on

strategic planning, it appears that the salons agree on the importance of strategic planning but seem unsure how it can be implemented in their businesses.

### 7.3 Results of the business growth

Just over half of the salons surveyed (54%) have a business plan, while 44% have no business plan in place. One respondent did not answer this question which could indicate that this respondent did not know what a business plan was. The few individual respondents who supplied reasons for not having a business plan indicated the following:

- Have already done market research;
- Do not need it as our planning is good and based on a month-to-year basis;
- As a new business, managing the business is on a trial-and-error basis;
- No time for planning;
- Do not plan currently;
- It takes time to compile it (work-in-progress);
- Go with the flow;
- Have an established client basis and not planning expansion.

Those respondents with a business plan have covered the following aspects in the business plan as seen in Table 3.

**Table 3: Aspects covered in the business plan**

ASPECTS COVERED IN THE BUSINESS PLAN	% Yes	% No
Our target market has been outlined	97	3
Our strengths and weaknesses has been identified	96	4
Our skills levels of staff has been indicated	90	10
Our staff have the necessary skills has been outlined	86	14
A 3 year forecast has been given to show that the salon is viable	61	39
Financial planning aspects such as the asset register, balance sheets, and income statements have been included	79	21
A competitors analysis has been shown	45	55
Future opportunities and threats that the businesses might face have identified	86	14

Nearly all respondents outlined target market, strengths and weakness and staff skills levels in their business plans. The majority of respondents showed that their staff had the necessary skills to be employed in the salons. Just under two-thirds of the respondents confirmed that they had a three year forecast to show that the salon is viable. Most of the respondents (79%) indicated that financial planning aspects such as the asset register, balance sheets, and income statements had been included in the business plan. Less than half of the respondents (45%) had completed a competitor's analysis, although the majority of respondents (86%) indicated that the future opportunities and threats that the salon might face had been identified. It seems that only a competitor analysis and three year forecast plan was lacking for those salons with a business plan.

Table 4 shows the results of the focus and perception of business growth focus amongst respondents.

**Table 4: Results of focus and perception of business growth**

Focus in salon ....	Frequency of ratings					Mean
	5	4	3	2	1	
There is a continuous focus on business growth	54	27	15	2	2	4
The owner/manager acknowledge the importance of continuous growth	56	33	11	0	0	4
The owner/manager is aware of potential growth areas	62	23	13	2	0	4
The owner/manager regards growth as more as just an increase in turnover	56	29	13	2	0	4
As many clients as possible are fit into a day	42	25	17	13	3	4
The owner/manager knows effective growth requires increased turnover and profit	62	29	9	0	0	5
The owner/manager links growth to price or commission increases	31	31	27	8	3	4
Growth can be pursued by planning ahead	58	21	19	0	2	4
Growth can be pursued through teamwork	65	19	16	0	0	5
Growth can be pursued by being well-organised	56	29	15	0	0	4
An increase in managerial skills resulted in business growth	37	48	10	5	0	4
Applying problem-solving skills enhance our business success	65	21	12	2	0	5

To analyse the results contained in Table 4, the strongly agree and agree results were combined as well as the strongly disagree and disagree results. The majority of respondents (81%) agreed that they continuously focus on business growth while 89% acknowledged the importance of continuous growth and 85% were aware of possible growth areas. The majority of respondents (85%) also regarded growth as more than just an increase in turnover which contradicts the findings of the 67% of respondents who indicate that they fit in as many clients as possible in a day. Furthermore, 91% of respondents agreed that effective growth requires an increase in turnover and profit. It can be determined from the responses that a focus on continual growth - while regarding growth as more than turnover - is a focal point for most of the respondents. It seems that respondents are aware that business growth is a necessity. Only 62% of the respondents agreed that they link growth to price or commission increases. A rather high number of respondents (27%) were neutral on this aspect.

The majority of respondents agreed that they can pursue growth by planning ahead (79%), through teamwork (84%), by being well-organised, with an increase in managerial skills resulting in possible business success (85%), or by applying problem-solving skills to enhance business growth (86%). More respondents were uncertain whether planning ahead, as opposed to another measure, can ensure growth. Some respondents did however disagree that an increase in managerial skills or problem-solving skills is related to business success or growth.

## 8. CONCLUSIONS AND RECOMMENDATIONS

The conclusions and recommendations of the strategic planning and business growth results are next highlighted.

### 8.1 Conclusions and recommendations of strategic planning

Marx *et al.* (2004:553) indicates all businesses should have a vision and mission statement. The empirical findings confirmed that the majority of salons do have a vision and mission statement but that the vision and mission is not always implemented. It appears that salon managers clarify goals and objectives as outlined by Van Aardt *et al.* (2000:134), but do not always put plans in place to achieve these goals. If they have plans in place to achieve goals, the plans are implemented. Hellriegel *et al.* (2005:8) indicates that planning can assist with the overall direction of the salon while according to Hunsaker (2001:180) it forces employees to obtain management information. Most of the respondents in the sample agreed with this. However it seems that not all respondents understand the importance of planning, and do not always know how to implement plans.

Salons must design and implement their mission and vision in order to allow for business success and eventually growth. To be effective, salon owners and managers must apply their strategic thinking skills and make their business vision a reality. Salon business owners and managers must first define goals, thereafter design plans to achieve these goals and lastly ensure that the plans are implemented. Salons need to be made aware of the link between planning and the role it plays in giving the business direction which will require them to separate their role as manager from that of hairdresser.

## **8.2 Conclusions of focus and perception of business growth**

Words' Worth (2005:4) stresses the importance of having a business plan as it provides direction to a business, especially if it wishes to grow. It appears that more formal salons (not home-based) and those in the higher income brackets have business plans. In their business plans, they have a strategic focus as they have identified their strengths, weaknesses, threats and future opportunities. Words' Worth (2005:4) recommends that the business plan identify the target market, explain the features and benefits of the business and their products or services, indicates the location of the business and its benefits, illustrate the human capital base, forecast for the future by doing a SWOT analysis and engage in financial planning. Respondents have identified their target market but do not conduct a competitor's analysis. They indicate the skills levels of employees and show that they employ staff with the necessary skills to deliver the hairdressing service. Although they engage in financial planning, they do not actively pursue three-year forecasts to show the hair salon is viable. This finding confirms they neglect the financial function.

It can be assumed that the reason why only half of the salons had a business plan was their lack of understanding of the value of planning and goal-setting in their salons. Those salon owners or managers with a business plan, continuously focus on business growth, acknowledge the importance of growth and are aware of possible growth areas. Markwald (2003:40) stresses that if a business plans for profit it will ensure that the business is based on a solid business plan. Furthermore, it is mentioned that to increase turnover, value-adding services can assist in business growth. It appears that growth is not just viewed as an increase in turnover and that not all salons will try to fit in as many clients in a day as possible. Salons further seem to agree that effective growth requires an increase in both turnover and profit. It seems that business growth is viewed as a necessity for those with a business plan but that not all salons link growth to price or commission increases. These salons assume that growth can be pursued by planning ahead, through teamwork, being well-organised, increasing managerial skills and applying problem-solving techniques. Markwald (2003:40) indicates that lack of planning and teamwork will hamper business growth.

All salons should have a business plan as it is imperative for the continued success of the business. If salons owners or managers cannot draw up their own business plans they can obtain the services of a business plan consultant. It is important that the salon owner or manager is part of the drafting process so that there is some ownership of the process. The consultant drawing up the business plan must also be familiar with the hairdressing sector. The business plan should be practical enough to be implemented. The first step could be to conduct a competitor analysis in order to evaluate the salon environment. A business plan could be viewed as the first step towards goal-setting and formal planning. The business plan should be the driver for the mission and vision of the business.

Salons should focus on more than their core service and should also include some augmented service offerings such as obtaining the services of famous stylist as it will attract clients to the salons and assist in growth of the business. Price increases are not a desirable alternative as they could inflate figures and give a false sense of growth. The business plan can assist salons to plan for growth but it will be worthless if the plans are not executed. Salon owners and managers should not just engage in short-term planning but also in long-term planning. A management training course specifically for salons could be developed in terms of best practice for the salon industry and how to ensure business growth. In this training course they could be taught how to compile a business plan for growth and the implementation thereof.

## 9. LIMITATIONS AND FURTHER RESEARCH OPPORTUNITIES

The majority of the respondents were from Port Elizabeth, Eastern Cape. This was due to the financial implications of extending the study to other geographical areas. It must be noted that an attempt was made to extend the study by contacting salons in a wider area, but these salons did not have access to e-mail or fax machines and could not participate in the study, or they were unwilling to complete the questionnaire. It is recommended that a cross-sectional study which includes all the provinces in South Africa be undertaken.

## 10. MANAGERIAL IMPLICATIONS TO ENSURE BUSINESS GROWTH IN HAIR SALONS

Table 5 outlines some managerial implications which owners or managers should take into consideration when engaging in strategic planning and compiling a business plan for growth.

**Table 5: Managerial implications to ensure business growth in hair salons**

<b>Strategic actions required for growth</b>
Design the mission and vision for business success
Define short-, medium- and long term goals
Apply strategic thinking skills to make the business vision and mission and plans a reality
Ensure that all plans are implemented
Engage in a SWOT analysis
Visualise new opportunities and possibilities for the business
Identify resources to achieve goals
Conduct a competitors analysis
Obtain and use internet to keep up-to-date with environmental changes
Owners and managers must attend business plan training, preferable industry specific training
If the size of the salon allows it, appoint a dedicated staff member to collect management information and engage in planning
Motivate employees by implementing linking the output of stylists to a rewards programme

Staff must be encouraged to work as a team and solve their own problems  
 Implement systems to provide a superior service at the lowest possible cost  
 Utilise the retailing side of hair salon to generate additional income  
 Develop the marketing mix to reflect the target market to position the business.  
 Continuously access the financial health of the hair salon  
 Have budgets and cash flow forecasts and outsource this function if necessary  
 Explore the possibility of implementing affordable financial management systems such as “ESP Salon and Spa Software” or “My Salon Software” by 365 Hairdressing to monitor finances  
 Use marketing strategies such as web sites and emails to attract clients  
 Implement a purchasing strategy which minimum and maximum stock levels, the best time to buy and which stock to be kept  
 Engage in supplier negotiations to obtain good prices, delivery times and terms  
 Have a list of alternative suppliers in event preferred suppliers cannot supply  
 Use networks for access to resources  
 Have control measures using appropriate systems to measure deviation

#### **Business plan for growth**

Explain the features and benefits of the business, and the product or the service that is being offered, in particular focusing on unique selling points  
 Show the actions plan to overcome weaknesses and threats identified from the SWOT analysis  
 Compile a formal marketing plan that identify the target market, provide clarity on the size and potential of the market, contain information about competitors, pricing strategies and marketing strategies to attract customers  
 Indicate the benefits of the location of the business  
 Illustrate the human capital base and show that the employees have the necessary skills and knowledge and have a team work approach  
 Compile a financial plan clearly showing the financial situation and health of the hair salon with having an asset register, balance sheet, income statement, cashflow statement and a break-even analysis and three to five year forecast and scenario planning  
 If applying for a loan, the application amount should also be stated with detail about what the funding will be used for

#### **TO CONCLUDE:**

The study investigated the business growth aspirations and strategic planning of hair salon owners. It is evident that salons differ in their business growth aspirations or do not have knowledge how to go about engaging in strategic. Salon owners must separate their role as manager from that of being a hairdresser. Salons need to draft a business plan, engage in management training programmes to assist them with compilation and implementation of the business plan as well with goal-setting and implementation of plans to achieve the set goals. They should make time for strategic planning and the compilation of a business plan if wishing to grow.

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