

Performance Analysis Project Final Report for Fantastic Sam's salon

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### Executive Summary

Fantastic Sam's is a chain salon located in the rural area of Gallipolis, Ohio. The salon has an owner, a district manager, a manager, two assistant managers, and 12 stylists. The district manager has agreed to be the sponsor of the project, which focuses is on the effectiveness of company policies and procedures used within the salon.

Information was obtained through several face-to-face interviews with the district manager, an interview with salon manager, and one-to-one conversations with the stylists at Fantastic Sam's. Two observations were conducted to observe employees following salon procedures. Then, a survey was administered to the stylist to gather information on knowledge of policies and procedures at Fantastic Sam's.

The observations revealed that the salon lacks an effective policy and procedure manual for the employees. The manual is not specific about employee expectations. There is not an evaluation form established for meeting the company's goals. Also, the consequences and rewards are not aligned with the company policies. Fantastic Sam's salon does not use the company's SuperSalon software data to provide feedback for the stylist to set salon goals. In addition, there is not a timeline established for transitioning from hourly pay to a commission-based pay.

Recommendations to improve the stylist's goals are to create a checklist from the company SuperSalon software data to establish guest service and retail sales. In addition, the managers should motivate the stylists to improve their salon services through teaching techniques. Job analysis could define the guidelines for stylists to be paid hourly, with a set timeline for commission-based pay. An evaluation sheet would allow documentation of the stylist performance and share the information with the district manager and salon owner.

Consequences and rewards of the salon could be attached to the evaluation performance matrix. The recommendation is for the district manager to update the policies and procedures manual and provide an employee handbook to make the information accessible. The salon owner should set clear meaningful, equitable rewards for salon performance.

Managers should evaluate the stylist goal progress using an evaluation form every three to six months. Additional evaluation forms are completed after a six-month period, to verify that the stylists are bringing in enough money to cover their hourly pay and the stylists have transitioned to commission-based pay. A checklist involving the stylist's work and inspection of sanitation procedures could be used to record and evaluate the stylist performance on bi-annual basis. The managers should evaluate the stylist following the salon manual using effective policies and procedures. The manager will evaluate the stylist, using the company's SuperSalon data, to measure their performance for increased guest services and sales, the evaluations will be monthly and collectively into a year-end document for the owner. The cost to the owner will be the expense of rewards given to the employees.

The effectiveness of the company policies and procedures used in the salon will determine the success of the Fantastic Sam's salon project. All recommendations implemented are the responsibility of the salon owner and the sponsor. In addition, the owner and district manager should work together collaboratively with the salon manager and stylists, to implement the various recommendations in the salon. If implemented correctly, the salon will run more efficiently, and the revenue will increase for the stylist, managers, and the owner.

Performance Analysis Project Final Report for Fantastic Sam's salon

The performance project took place in a chain salon setting at Fantastic Sam's in Gallipolis, Ohio. Fantastic Sam's salon is one of the world's largest full-service hair care franchises with over 30 years of experience in the hair care and business management (Fantastic Sam's). The Gallipolis salon was established in 1987 and is owned by Dan Brisker.

The focus of the project is the effectiveness of the company policy in the salon. The team is an individual, Sue Burleson. To effectively research the performance project an interview for March 6-8, 2013 was scheduled with Kim Leifheit, District Manager at Fantastic Sam's. The address of the salon is 2145 Eastern Ave., Gallipolis, Ohio 45631. Her email address is leifheit@buckeyehills.net and phone number is 740-418-5469. Kevin Rister, Manager at Fantastic Sam's, email address is Kevin\_rister@yahoo.com and his phone number is 740-446-7267.

Methodology

Methodology is the methods or principles used to obtain information such as the analysis of the salon practices and procedures of the Fantastic Sam's project. The methods used to obtain information were personal interviews with the district manager, manager, and stylists. Observations of the salon practice of procedures and an employee survey was conducted to obtain information.

The analysis process began as a personal interview with the project sponsor, the Fantastic Sam's salon district manager. The interview questions pertained to the salon policies and procedure manual and discussion focused on the day-to-day salon procedures, along with how effectively the employees followed the manual. A survey, based on the district manager's interview, was conducted to see how well the employees knew the policies and procedures. (See Appendix A) The observations viewed how the stylist responded to guests entering the salon and work motivation (Van Tiem, Moseley, & Dessinger, 2012, p. 167).

The information obtained through the interviews, observations, and the surveys are used throughout the policy and procedure analysis to create effective interventions. The next section describes the gap and cause analysis used to identify the lack of performance in the Fantastic Sam's salon project.

## Gap and Cause Analysis Findings



The analysis identified the performance gaps in the Fantastic Sam's organization. The gaps were ranked to determine how critical each is to the Fantastic Sam's strategic goals (Van Teim, Moseley, & Dessinger, 2012, p. 162). The following list ranks the gaps that were found in order of criticality:

- Gap 1 – Stylists lack set goals for salon guest services and retail for each month.
- Gap 2 – Fantastic Sam's salon has not set timeline for the stylist to transition from an hourly wage to a commission-based salary.
- Gap 3 – The salon does not use an evaluation sheet for the Fantastic Sam's employees on a monthly basis.
- Gap 4 – The current Fantastic Sam's salon employee handbook combines policies and the procedures.
- Gap 5 – Fantastic Sam's salon lacks consequences and rewards for employees (K. Leifheit, personal communications, March 20, 2013)

#### Gap 1

The most critical performance gap at Fantastic Sam's salon was that stylists lack goals for salon guest services and retail for each month. The desired state of performance is measured in terms of the interview from the district manager of Fantastic Sam's. The current state of this performance is based on numbers derived from employee surveys. Twelve surveys were issued to the salon and ten surveys were returned. The desired state of performance is for the manager to give each stylist personal salon performance data monthly. The performance data assists Fantastic Sam's stylists with developing effective monthly goals for the number of guests serviced in the salon. The current level of performance indicates that the salon stylists are not provided data on the guests served in the salon. The employee survey results indicate six of the

ten stylists have monthly goals set without using the guest's service data. The stylist goals would not cost the salon money because the goals are internal motivators (K. Leifheit, personal communications, March 20, 2013).

#### Gap 2

The second critical gap at the Fantastic Sam's salon is that the salon does not have a timeline by which a stylist is expected to transition from an hourly wage to commission-based salary. The desired state of performance is measured in terms of the interview from the district manager of Fantastic Sam's and is based on the employee survey. The current state of this performance is based on numbers derived from employee surveys. The desired state of performance is to have the stylist transition to a commission-based pay within six months after their hiring date. The employee survey revealed that seven out of ten stylists are not aware of a timeline for transitioning from an hourly to a commission-based pay. The current state of performance is there is not a specified timeline for the stylist to transition from an hourly wage to a commission-based salary. The survey results indicate that eight of the ten stylists who responded have transitioned from paid hourly to a commission-based pay. Each of the stylists moved into the commission-based salary at different timelines at the Fantastic Sam's salon. The stylist paid on a commission-based salary would save Fantastic Sam's money, because an hourly paid stylist may not complete enough guest services in a week to cover their paycheck (K. Leifheit, personal communications, March 20, 2013).

#### Gap 3

The third most critical gap at the salon is the lack of an evaluation form shared with each employee. The desired state of performance is measured in terms of the interview from the district manager of Fantastic Sam's. The current state of this performance is based on numbers

derived from employee surveys. The desired state of performance is for the salon to provide efficient feedback on an evaluation form to the stylist. The evaluation form would provide information such as the stylist dress code, the number of guests serviced, the amount of money collected, and the amount of retail products sold, the average wait time for each guest serviced, and the time spent on each guest serviced. The survey results indicate the current state of performance is that the stylists do not receive an evaluation sheet for their current level of performance at the Fantastic Sam's salon. Nine of the ten stylists would like to be given an evaluation on their salon performance. An evaluation sheet for each stylist would not cost the salon money and may increase the amount each stylist brings into the salon (K. Leifheit, personal communications, March 20, 2013).

#### Gap 4

The fourth performance gap indicates the Fantastic Sam's salon employee handbook combines the policies and procedures. The desired state of performance and the actual and current state of performance is based in terms of the interview from the district manager of Fantastic Sam's. The desired state of performance is to have a Fantastic Sam's salon policy handbook that clearly defines salon policies and procedures the employees. The current state of performance is the Fantastic Sam's salon handbook contains salon policies and procedures are together and need to be separated and clarified. The Fantastic Sam's employee handbook would cost the salon the dollar amount of printed handbooks (K. Leifheit, personal communications, March 20, 2013).

#### Gap 5

For the fifth performance gap, Fantastic Sam's salon lacks consequences and rewards for employees. The desired state of performance is measured in terms of the interview from the

district manager of Fantastic Sam's. The current state of this performance is based on numbers derived from employee surveys. The desired state of performance is for the salon to provide the employees a list of consequences. The manager would provide the stylists with a list of rewards for salon goals met. The employee survey results indicate the current state of performance is that five of the ten employees are not aware of the salon consequences. In addition, five of the ten employees are not aware of rewards for their salon goals. The cost to the salon would be rewards for the employees, whether it is bonuses, time off, or prizes (K. Leifheit, personal communications, March 20, 2013).

### Cause Analysis

The cause analysis consisted of probing questions asked to the Fantastic Sam's district manager. The analysis is to determine the root causes of the performance gaps. Chevalier's worksheet (2008) and the performance job aids were used to collect the information to identify the cause of the gaps. This performance analysis consists of two main areas: Environmental and Individual. Within these two areas, there are sub-categories: Environmental – Information, Resources and Incentives and Individual – Capacity, Motives and Knowledge (Van Tiem, et al, 2012).

#### Environmental Analysis: Information

The policies and procedures are together in the manual. Salon policies are not clearly stated and lack the adequate number of job procedures. Procedures included are appropriate for the job and skill level (K. Leifheit, personal communications, March 20, 2013).

#### Resources

Varieties of salon supplies are available for the stylist to use on the Fantastic Sam's guests. A manager or an assistant manager is present during the workday and are trained to assist

the stylists who need help with haircuts or chemical services on a guest. The salon provides comfort for the stylists by providing a break room (K. Leifheit, personal communications, March 20, 2013).

#### Incentives

Salary for a new stylist at Fantastic Sam's is hour based. The pay is competitive for a chain salon in the rural area of Gallipolis, Ohio. Stylists can earn a bonus of 1% for each year of service for up to a 5% increase in five years. A stylist can move into an assistant manager's or a manager's position, with any amount of service based on good performance (K. Leifheit, personal communications, March 20, 2013).

#### Individual Analysis: Knowledge and Training

The stylists at Fantastic Sam's are trained to perform salon procedures. If a stylist cannot perform basic services, the stylist is removed from the salon floor until the stylist is retrained to service the guests correctly. Fantastic Sam's provides job aids for any specialized service, such as a keratin treatment, taught while working in the salon (K. Leifheit, personal communications, March 20, 2013).

#### Capacity

Cosmetology school or past salon experiences prepare the stylist to have sufficient strength and dexterity for the job at Fantastic Sam's. As part of the training, the stylist learns to use speed and accuracy for performing haircuts and chemical services on clients. The stylist performs services as part of the job interview to be hired at Fantastic Sam's (K. Leifheit, personal communications, March 20, 2013).

## Motives

The salon observation showed that the stylists lack the desire to perform well at Fantastic Sam's. The stylists paid hourly do not seem to be motivated to greet the clients when they walk in the salon. If the salon is not busy, stylists are paid the hourly wage without doing clients. However, turnover is high because the stylist begins at minimum wage. If the stylist does not progress into a commission-based salary, they could get discouraged and move to another minimum wage job that does not require a license (K. Leifheit, personal communications, March 20, 2013).

A second interview with the district manager, additional salon observations, and the salon employee survey were conducted to establish more data to identify the gaps in the performance analysis of the Fantastic Sam's. The questions asked to probe for environmental analysis were based on information, resource, and incentive to help establish the drivers or cause of the performance gaps. The district manager ranked the gaps on the Criticality Scale, (Van Teim, Moseley, & Dessinger, 2012, p. 162), in the order that she felt is most critical to the salon productivity training (K. Leifheit, personal communications, March 20, 2013). Questions were established to identify the drivers of the performance gaps were related to knowledge and training, capacity, and motives (Van Tiem, et al, 2012). The next section describes the recommended interventions of the Fantastic Sam's salon project.

### Recommended Interventions

Recommendations help close the gaps found at the Fantastic Sam's salon. The gaps are established through interviews, observations, and an employee survey. The potential solutions are suggestions to help the salon manager, district manager, and owner improve the performance in the salon by Van Tiem, Moseley, & Dessinger (2012).

#### Gap 1: Stylists Lack Goals for Salon Guest Services and Retail Products for Each Month

To resolve the lack of goals, it is recommended that the manager use employee development to establish personal goals and expectations. Another potential solution is to have the manager coach stylists by teaching, supporting, and motivating them to improve the number of guest services. The last potential solution is to provide a job aid to function as a support tool for establishing monthly goals, similar to a checklist to record data as designed by Van Tiem, Moseley, & Dessinger (2012).

#### Gap 2: No Timeline for Stylist to Transition from Hourly to Commission-Based Salary

A job analysis description should allow the stylist to understand the expectations of an entry-level employee, hired at an hourly wage and the expectation of transitioning to a commission-based salary. The district manager should set a timeline or stylists will remain paid hourly for an extended time. A job analysis could define the guidelines for stylist to be paid hourly, with a set timeline for commission-based pay (Van Tiem, Moseley, & Dessinger, 2012).

#### Gap 3: The Salon Does Not Use an Evaluation Sheet for Fantastic Sam's Employees

Job aids, in the form of a checklist, used to evaluate stylists are recommended to track employee work progress. The checklist should allow the manager to evaluate performance that involves inspecting, observing, and planning the salon's outcome. The evaluation sheet would allow documentation of the stylist's performance. Consequences and rewards of the salon can be attached to the evaluation performance matrix (Van Tiem, Moseley, & Dessinger, 2012).



#### Gap 4: The Current Employee Handbook Combined Policies and Procedures

The recommendation is for the district manager to update and separate the policies and procedures manual to make the information accessible to the stylist. When finished, every employee should have a copy of the Fantastic Sam's manual. Documentation and standards would help the employees understand their accountability to the salon owner. In the manual, there should be examples of employee situations and the documents to use for each case. The district manager would include a form to sign and date by employees stating they have read and understand their responsibilities to the salon (Van Tiem, Moseley, & Dessinger, 2012).

#### Gap 5: Fantastic Sam's salon Lack Consequences and Rewards for Employees

Stylists perform well when they see what is in it for them as well as for the salon. The salon owner should set clear, meaningful, equitable rewards for salon performance. Also, the salon owner should provide consequences for lack of performance to result in improved salon performance. Salon incentives may be both monetary and non-monetary. It is essential that the incentive/consequence system be seen as fair to the stylist. The owner will not provide rewards for inadequate performers. Employees perform better when “motivated”. The stylists need to value there what they do, feel secure in their work, and be challenged to believe that with reasonable effort they can achieve success (Stolovitch & Keeps, 2013).

The gaps at the Fantastic Sam's salon were established through interviews, observations, and an employee survey. The potential solutions are recommended to help the salon manager, district manager, and owner improve the performance by Van Tiem, Moseley, & Dessinger (2012). The next section describes the evaluation plan for the Fantastic Sam's salon project.

Evaluation Plan (Performance Measures)

Measurement strategies plan the evaluation improvement suggestions. The performance evaluation is a way to compare results with interventions and delve into the usefulness of methods and resources to move toward the best results by Van Teim, Moseley, & Dessinger (2012). Fantastic Sam's salon evaluation plan is derived from interviews, observations, and an employee survey.

#### Gap 1: Stylists Lack Goals for Salon Guest Services and Retail Products for Each Month

The need is to have stylists write goals for guest services and product retail monthly. The cause of the gap is the stylists are unaware of their personal monthly salon performance. Managers should use the data from the company's SuperSalon software program to report feedback to measure the success of this stylist's goals. The stylist would be able to use their feedback of salon performance to set higher goals for more guest services and salon retail. For example, if a stylist completes 23 guest color services in March, the stylist might set a goal to complete 25 or more color services in April.

The stylists have unclear directions in their salon expectations. The manager should analyze the SuperSalon data print out to evaluate the monthly feedback for each stylist. The manager should evaluate the stylist's progress after a three-month period and again in six months.

The leading indicator (Hale Associates, 2010) is growth in guest sales. The lagging indicator (Hale Associates, 2010) is the stylists are not setting monthly goals to measure their progress. Using the data should make an impact in the increased revenue for the stylist, managers, and salon. Leading indicators are typically input oriented, hard to measure and easy to influence while lagging indicators are typically output oriented, easy to measure but hard to improve or influence ("Lagging and Leading Indicator").

### Gap 2: No Timeline for Stylist to Transition from Hourly to Commission-Based Salary

The need is to have stylists transition from hourly pay to a commission-based salary. The cause is that the stylists are comfortable with the hourly pay and do not want to work harder to earn the commission pay. An outcome is that a commission paid stylist could make more money. Stylists begin at Fantastic Sam's on an hourly pay, and in six months, they should be bringing in enough money to begin earning commission. The stylists are missing the incentive of being a commission paid stylist, which is more money.

Evaluations are completed after the six-month period, to verify that the stylists are bringing in enough money to cover their hourly pay and transition to commission-based pay. The leading indicator (Hale Associates, 2010) is to earn more money for the stylist and salon. The lagging indicator (Hale Associates, 2010) is that the stylists are reluctant to give up the hourly pay. Having a timeline for stylist to transition from hourly to commission should increase income for the stylist and the salon.

### Gap 3: The Salon Does Not Use an Evaluation Sheet for Fantastic Sam's Employees

The need is to establish an evaluation form for Fantastic Sam's employees. The cause of the gap is the lack of an evaluation of employees. An evaluation form could help the salon manager to measure employee's salon performance. A manager should observe stylists at work, inspect the sanitation procedures, and provide an evaluation sheet every six months.

The leading indicator (Hale Associates, 2010) is that the evaluation sheet will provide feedback for stylist to use to set goals. The lagging indicator (Hale Associates, 2010) is that the salon lacks an evaluation process for employees.

#### Gap 4: The Current Employee Handbook Combined Policies and Procedures

The need is to separate the policies in the manual from the procedures, to make each clear for the employees to follow. A cause is that the manual was written with policies and procedures mixed. The manual should be rewritten to make the policies and procedures clear for employees. District manager and the salon owner should rewrite the handbook to help stylists to be able to differentiate the policies from the procedures. The managers should evaluate the stylist following the manual through the effective use of policies and procedures.

The leading indicator (Hale Associates, 2010) is that the district manager is aware of the handbook not being clear, and the need to update the handbook. The lagging indicator (Hale Associates, 2010) is that the current handbook is not clear for the employees.

#### Gap 5: Fantastic Sam's salon Lack Consequences and Rewards for Employees

The need is to have consequences and rewards established for the salon. The gap is the salon lacks written consequences and rewards for the stylist. The district manager should write a list of rewards for the salon, to motivate stylist to earn more money. The change is measured by the amount of rewards given to the stylist. The manager will evaluate the stylist, using the company's SuperSalon data, to measure their performance for increased guest services and sales. The evaluations will be monthly, and collectively into a year-end document for the owner.

The leading indicator (Hale Association, 2010) is to use rewards to motivate the stylist to earn more money. The lagging indicator (Hale Association, 2010) is that salon does not have written rewards or consequences for the salon.

Measurement strategies suggest the evaluation improvement plan by Van Tiem, Moseley, & Dessinger (2012) to improve the salon performance. The next section describes the implantation timeline and general cost of the Fantastic Sam's salon project.

### Implementation Timeline and General Cost

All recommended timelines and general costs implemented are the responsibility of the salon owner and the project sponsor. They should work collaboratively with the salon manager and stylists to implement the various recommendations offered to sustain the recommendations. The resolutions have been provided with minimal cost to the salon owner and are easily implementable for the salon.

The cost to the salon, to provide feedback on the stylist guest services and product retail, is approximately \$10 to print the monthly data sheets. Managers are paid salaries; this would not be an added expense. The manager should evaluate the stylist's progress after a three-month period and again in six months.

Evaluations should be completed after the six-month period, to verify that the stylists are bringing in enough money to cover their hour pay and transition to commission-based pay. When stylist are paid commission, the salon should save approximately \$4,000 a year because the stylist should earn enough to cover their pay.

The cost is approximately \$10 to print a bi-annual evaluation sheets and the manager and district manager should design the sheet. This assignment will be included in the manager's duties. The handbooks printed could be approximately \$100. The district manager is paid salary and this expense will not be extra to have them update the handbook.

The evaluations will be monthly, and collectively into a year-end document for the owner. The owner recognizes salon employees at the annual Christmas party with bonus, prizes, and other rewards. A cost to the owner will be the expense of rewards. A state board violation could cost the salon \$500; this should be a consequence for the stylist. If implemented correctly, the salon will run more efficiently and the revenue will increase for the stylist, managers, and the

owner. However, regular communication and reinforcement of standardized processes and policies will be required in order to continue to operate in the most effective manner.



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## Appendix A:

## Fantastic Sam's Stylists Survey

*Do not include your name; this is to be an anonymous survey for the salon. Please answer the questions honestly by circling yes or no. Include additional information in the provided blanks.*

1. Do you have goals set for the next week? Yes or No
2. Do you have goals set for the next month? Yes or No
3. Are you aware of a set timeline that Fantastic Sam's expects you to become a commission paid stylist? Yes or No  
Can you explain the advantages of being a commission paid stylist?  
\_\_\_\_\_
4. Would you like the manager to provide you with a monthly evaluation? Yes or No
5. Would you be interested in knowing how many customers you service and the amount of retail sold each month? Yes or No
6. Do you understand the difference between a policy and a procedure? Yes or No
7. Do you have a Fantastic Sam's policy manual? Yes or No
8. Are you aware of any consequences offered by Fantastic Sam's? Yes or No  
If you answer yes, can you list any? \_\_\_\_\_
9. Are you aware of any rewards offered by Fantastic Sam's? Yes or No  
If you answer yes, can you list any? \_\_\_\_\_
10. Do you have a goal to move up in the company at anytime in your career at Fantastic Sam's? Yes or No