



SMART MONEY

In hindsight, she now can see the gap between intention and reality. "The psychology of salary is supposed to be that some weeks you're up, some you're down," says Hampers. "You don't have to worry about sales; you're motivated by teamwork, cooperation and other factors that go into the team bonus.

"But many people don't mind having the pressure of commission as their incentive. Our biggest stars weren't doing well under this system. When I explained to one of them how nice it was not to worry from week to week, she protested, 'But my incentive is the ups and downs. I love that!' So I began to realize that some staffers thrive

"I want our employees to have a strong sense of ownership," says owner Roy Fredericks. "Every professional should have the opportunity to negotiate income." Most of the stylists choose to stay on salary; in fact, Fredericks reports that his top producers have never opted into the commission structure.

"We've designed the salary structure to be very fair," Fredericks says. "Our top 10 or so hairdressers on salary make \$60,000-\$75,000 a year, plus tips, for working 40 hours per week. I keep the commission option open for everyone, because in Austin most salons are chair rental. The kids in beauty school hear about their friends in chair rental who have a lot of freedom and

For most salon owners, changing compensation structures becomes an evolving process rather than a one-shot deal.

on the excitement of not knowing how much they're going to earn."

Hampers decided to give staffers a choice between staying on salary or going back to commission. About 60 percent opted for commission. They're still eligible for a share of the team bonus, which Hampers pays out only annually in order to keep chaos to a minimum.

Coexisting Side by Side

Accommodating both compensation structures is not unique to Giuliano Spa. At Zona Salons in Boston, stylists also can decide for themselves between salary-based and commission-based packages.

"If someone's motivated enough to focus on the job and not the dollar amounts, then salary tied to bonuses for achievement maybe the way to go," explains owner Frank Zona. "For staffers who very much respond to a direct relationship between what they produce and what they earn, then we can go more toward commission."

After being on salary for the first three years while they build their business, stylists at Avant Salon in Austin, Texas, are given the same choice, and they're permitted to change their minds once a year.

can keep all the money. But after we've put them on salary for three years, they trust us. And they look at our graph and can see what their salary will be when they become 80 percent productive, retain 70 or 80 percent of their existing clientele and sell at least one product to each client."

Stylists who do go on commission can negotiate that, too. Typically, Fredericks pays a 50-percent commission for stylists who have productivity rates up to 75 percent and another 10-percent commission for each 10 percent of productivity over that.

An Evolving Process

The staff at James Craig Haircolor & Design in Saratoga, California, has taken three rides on the compensation roller coaster. The first was a modification of the commission system in place, which offered a top commission of 60 percent.

"Most people weren't near the 60 percent, but my best were getting close," recalls James Craig, who co-owns the hair-only salon with Robert James. "I started to notice that as we increased our business there wasn't as much left over. The sliding scale was great for the individual, but someone pointed out to me **Continued**