

Lean management in a salon

[Business](#), [Management](#)



About the organization Yellow Nails Salon is a privately run business which specializes in nail care and started off as a nail-bar 5 years ago. It is a small setup with 10 service staff, one main work floor, 2 treatment rooms, a storeroom, a pantry and a restroom. The owner visits the salon every day for a couple of hours to keep an eye on the over-all running of the salon and to ensure work is being done up to the standard. The salon services about 20 customers on weekdays and up to 40 customers on weekends/peak seasons, and receives about 20% turn-away customers daily. Main products and services The core services provided by the salon are different types of manicures and pedicures. Since 2010 the salon has grown in popularity and seen a demand from regular clients to offer more varied services, so hair treatments, massage services, hair removal and specialized facials have been introduced. The salon also stocks nail polishes which the customers can purchase. The customers The client base consists of women from low to mid-income families residing in the area.

These are women that like the convenience of having a salon close by that they can visit regularly and pamper themselves, yet not blow a hole in their pockets by doing so. A lot of the customers treat their salon time as a requirement rather than an indulgence and slot it in as a job in their busy schedules. Order qualifiers and order winners for the company The order winners for the salon are the prices offered along with the decor and environment.

There are no other salons in the area with a matching stylish interior while offering similar competitive rates. Any salons that offer this type of ambience will be too pricey, and those that are not, will not have the same sort of

interiors. The order qualifiers are the experience of the staff, the services offered and the location. Challenges One of the biggest challenges faced by the business is that a lot of customers have to be turned away because the salon is unable to accommodate them in several ways.

While a lot of similar salons thrive on new and walk-in customers, in Yellow Nails, unless you have pre planned the visit and booked, you will not be attended to, even if it is a case of adding an extra treatment during your visit. Appointments are made and not kept, yet the staff is obligated to sit idle until the customer arrives and turn away walk-in customers. Another major problem is that a lot of time is taken up by each customer alone as a single specialist attends to a customer at a time, while other staff waits for their booking to arrive.

There have been occasions when it has been witnessed that some roll-on wax has been thrown away because it has dried up so the attendant has had to open a new case, which is also the case with other beauty products. Seemingly, there is quite a bit of wastage due to old stock being kept. Another issue seems to be that though the staff is very friendly and their work is of a high standard, the space around them is not very organized, resulting in longer waiting time for the customer, even between services.

Along with these challenges, the cost of operations is high, as the owner gets the spa products from Switzerland which she visits periodically and stocks up on her visit and has also invested heavily in treatment machines, which require regular maintenance. These factors show that it is quite important for the business to structure its operations more effectively in order to generate more desirable profits.

2. 1. Evidence Having been to the salon many times
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and witnessing the problems on a first-hand basis, there is no doubt that the problems observed do truly exist.

Many businesses have challenges which are buried under a shiny exterior, but when the customer starts facing it directly, you know it's an issue that needs to be dealt with immediately, possibly more critically in a service-based company. Effects on the Business While the salon is making sufficient revenue, it is losing out on prospective business because the jobs are not streamlined effectively. Having spoken to the manager of the salon about how the business is performing, she said it is doing quite well and they are making "good money".

On the slightly negative side, she went on to say that they are unable to hire any more staff because they don't have space to accommodate more customers at one time and the owner had no intention to expand the space. What was perceived from the discussion was that they do recognize that a lot of customers have to be turned away due to which they are losing potential business, and that the owner is interested in hiring more girls in order to boost profit but is unable to, and she doesn't think there is any other solution to this problem.

The obvious answer, as per the owner, is that more staff equals more customers, which means more revenue. ? 3. 0. Lean implementation in the service sector Traditionally, Lean practices have been largely associated with the manufacturing industry, with literature and methods of implementation being more accessible in that particular sector. We therefore look at the research of several authors that discuss how lean can be applied in service

industries and the factors that need to be focused on in order to be able to do so.

We also look at the different frameworks of lean that makes it a recommended approach. Literature Review The term Lean management has first been used in the book *The Machine That Changed the World* by Womack, Jones and Roos (1990), describing the fundamentals of the Toyota production system as lean production (Coote and Gould, 2006). Following on from which, Coote and Gould's (2006) literature talks about lean as a concept that has come to mean different things to different people, from claiming that most view it as a collaboration of efficiency and low cost which they depict as being a narrow view.

They provide a more wholesome definition describing it as 'delivering customer value without waste'. As businesses tend to place a high importance to their customers, it would be inevitable that a concept with a large focus on that factor would be adopted, although one would question whether the approach is only fit for a manufacturing company. Abdi et al (2006) state that lean can be applied to service sectors and that there are similarities and differences in adopting the approach from a service point of view.

Their literature discusses five different principles from the works of Womack and Jones (1996) and how these lean manufacturing principles can be applied to the service sector, which includes specifying value by service, indentifying the service value stream, making the service flow, supplying at the pull of the customer and implementing the pursuit of perfection and in

order to apply these principles, they place the human element as a crucial variable in the services sector.

Another piece of literature, researched by Bonaccorsi et al (2011), concludes that lean thinking has the potentialities to be implemented in the service industry as an effective way to cut costs and increase customer satisfaction. They emphasize that applying lean to service is challenging which is why lean concepts must often be redefined in a proper way, and to solve this, the concept Service Value Stream Management (SVSM) has been developed.

This approach is flexible in nature and can be applied to a wide range of cases, including Yellow Nails salon, wherein the principles of lean need to be tailored to the requirements of that particular sector. As SVSM is claimed to be flexible and used functionally as a general guide, there should be no complications to develop a true lean service via its implementation. Piercy and Rich's (2009) research findings highlight that through the adoption of lean service tools, service business can serve the traditionally competing priorities both of operational cost reduction and of increased customer service quality.

The lean approach is validated in the service context and proposed as a valuable addition to traditional service marketing approaches to services improvement. In their paper, they present the data on the implementation of lean process approaches in the call centre context highlighting rapid improvements such as value identification, process/value stream mapping, and removal of barriers to flow value to the customer. An empirical study by Alsmadi et al (2012), analyzes the differences in the relationship between

lean practices and firm performance in the UK manufacturing and service sectors.

Although lean practices have been successfully implemented in many manufacturing cases, their effect on firm performance in both manufacturing and service sectors is still limited. First, the empirical findings in both sectors suggest that Lean practices are positively associated with firms' performance and the degree of impact on performance is also identical between the two sectors, therefore their study supports the positive argument concerning the applicability of Lean practices in service firms and their potential effect on performance.

The results also suggested that soft Lean practices related to customer and HR management in the service sector was performing highly which is why it is essential, as stated by other authors, that Lean practices need to be distilled and tailored to the specific features of the sector. Once the idea of lean principles has been accepted that it can be implemented by a service based company, it would be important to focus on the specific internal implementation techniques, wherein Malayeff (2006) attempts to provide insight into the management of an internal service system derived from a perspective of Lean management.

He claims this would exist within professional service units of development, engineering, information technology, human resources and consumer affairs. In the case of Yellow Nails salon, the focus would be on the HR and consumer functions.. Malayeff's (2006) study stated that internal service systems have numerous common structural characteristics including the importance of

information, process flows across functions, many hand-offs of information, hidden costs and benefits and no explicit motivation for urgency.

The wasteful activities can be classified into seven groups: delays reviews, mistakes, duplication, movement, processing inefficiencies and resource inefficiencies, and he found that the most common problems included a lack of standard procedures, long service times, communication breakdowns and poor personnel management, out of which all but communication breakdowns are issues that Yellow Nails salon can be seen as a victim of. Draghichi and Petcu (2011) also propose Lean Six Sigma as a strong leadership approach for improving management processes, while reducing errors which can in turn help both the organization and its employees do things quicker and better through quality principles, resulting in improvements at all service organization levels Bortolotti and Romano (2012) developed a framework based on a study they conducted wherein they found that the automation of a process that is not streamlined can generate problems that can slow down the flow of work and increase errors. They state that a process should first be mapped to highlight waste and only when the new process is streamlined, can it actually be automated.

They go on to say that by doing so, the new process will automate only value-added activities recognized by the customers which we will touch upon in more detail for Yellow Nails salon in section Recommendations Though the authors state that through tailored concepts being applied to service sectors, lean can be effectively employed, it is important for authors in the field to depict more focused principles relating to lean practices for a full

service based business, which seems to be missing. Project Plan for Lean Implementation

In order to fix the problems that the business is facing, I would propose a new business model incorporating a lean approach. Lean focuses on elimination of waste (Slack et al, 2010) and the following are some of the Muda, or non-value adding work for the customer that can be eliminated with the suggested operational implementations. Reducing waiting time Yellow Nails Salon will benefit from eradicating the appointment system that they are currently enforcing, which in fact ties up the service slot, even if the customer is late due to the business' policy that could be given to a walk-in customer.

Management should instead implement job cards with a list of what treatments the customer wants with service being given on a first-come-first-serve basis. This will allow the business to maximize the number of customers they are taking on daily, not turn any customers away and eventually cut down on the waiting time of the customer. Full utilization of Human Resources Currently, the staff is not being utilized to their maximum capability so it would be beneficial to the business to reorganize the way the service staff is taking on workload.

A full utilization of all staff at all times approach should be set into place, so if there is one customer and two staff members available, they should both attend to the client to speed up the service where possible . This would essentially free up 50% of the client's time in the salon, which no doubt will be give them better value for money. The improved efficiencies can be highlighted by illustrating this using Value Stream Mapping. Value Stream <https://assignbuster.com/lean-management-in-a-salon/>

Mapping Value stream mapping focuses on value-adding activities and distinguishes between value-adding and non-value-adding activities (Slack et al, 2010).

The following is a simplified version showing the value added activities for a customer at the salon and highlights the waiting time as the 'waste' which should be eliminated. Example of customer x – Requirement: Manicure, Haircut & Waxing It can be seen that with the current means of operations, a customer with the mentioned requirements will be at the salon for three hours and fifteen minutes, whereas by employing lean practices, their time can be cut down by a full hour and fifteen minutes. JIT implementation for beauty products

Though the owner may view it as a major set-back, it would be an intelligent decision to acquire a local supplier that can provide good quality products that the salon can order in smaller batches when required, rather than purchasing excellent quality products in large quantities, keep the stock in storage over long periods of time and throw a large portion of it away due to it being spoilt.. By introducing JIT, the salon can keep customers happy as well as combat avoidable costs.

Another factor that can improve customer service provided at the salon would be to reorganize the workspace by adopting the 5S lean implementation framework which would help the staff operate in a more orderly manner. The staff is directly customer facing so there is not a lot of scope to waste time locating the required goods to service the customer.

Conclusion

To conclude, though the business is currently at a good stable position in the market with a loyal customer base, there is scope for growth in terms of increased profits and new business which can only be enjoyed by Yellow Nails if it implements lean practices.

The challenges which are currently faced comprising of turning away customers, long waiting time and wastage of stock can all be solved by incorporating the 5 principles of lean thinking, which include focusing on value of the customer, appreciating the value stream, concentrating on improved flow and perfecting quality. The business possesses some very strong attributes wherein some lean values can already be found such as the pull factor as staff is flexible in fulfilling customer requirement, and additional care is given to quality of service.