



CASE STUDY

Pete Polignone Rituals Salon-Spa Midlothian, Virginia

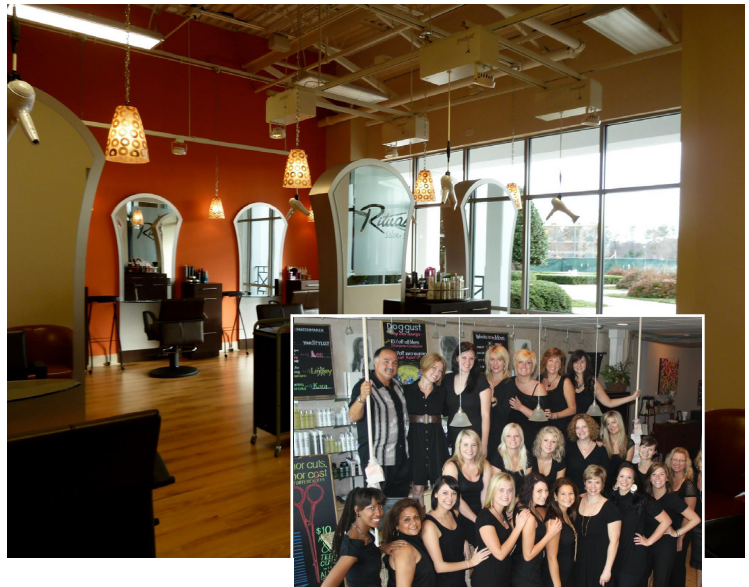


Overview

Rituals Salon-Spa is about joy, about having someone who takes care of you, who knows your needs and looks forward to your return. While you come to Rituals Salon-Spa to see a specific technician, you get the benefits of all the professionals' education. Clients see and feel the Team-Based Pay system in action. This is the foundation of our business. It has allowed us to grow from a 2500-square-foot facility with fewer than 10 employees in 2006 to a new 5,500-square-foot facility with 55 employees in November 2011. The systems learned through Strategies are embedded in our culture. Without this focus there could have been a multitude of hiccups in the transition. Doubling in size last year would have been a disaster if we had no control over our numbers.

Team-Based Pay has:

- Empowered staff to take responsibility for growth.
- Given me stronger time-management and delegation skills.
- Helped me gain more confidence in my ability to grow our business.
- Enhanced my ability to be a better leader and tackle critical situations.
- Improved our communication tools in order to keep to keep the team focused.
- Made the word "urgent" part of our daily focus throughout the salon.



| CRITICAL NUMBERS | 1st quarter 2006 - "Pre-Strategies" | 1st quarter 2011 |
|---|-------------------------------------|------------------|
| Service Sales (monthly average) | \$57,000 | \$167,000 |
| Retail Sales (monthly average) | \$18,000 | \$47,000 |
| Retail % of Gross Revenue | 22% | 23% |
| Gift Certificate Sales (annual) | \$59,000 | \$111,000 |
| Service Payroll (% of total sales) | 33% | 35% |
| Average Ticket | \$78 | \$89 |
| New Client Retention | 38% | 52% |
| Existing Client Retention | 60% | 87% |
| Productivity Rate % | 88% | 75% |
| Pre-Book Rate % | 9% | 52% |