

ARTEMIS' GUIDE:
**Recession: A Survival
Guide for Beauty
Entrepreneurs**



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Executive Summary

Many entrepreneurs have not been through a recession, which can be a scary prospect.

It's worth remembering that recession just means a slight decline in the overall revenue of the whole country, and it may not affect you in the way you expect.

Start by reviewing the data within your business—act based on that data analysis.

Remain clear-headed to make non-emotional decisions about what's best for your business. Develop and execute a plan and then review if your plan is improving your performance.

Be aware that this is hard; all entrepreneurs experience this sort of struggle at some point in their careers.

The stories of these times and how you survived are the making of greatness.



What is a recession?

A recession is when the country's total revenue has dropped (usually by a few percent) for two consecutive quarters.

At the time of writing this eBook (July 2022), the number of people searching on Google for the word "recession" is up significantly, which means it's currently a growing concern.



During the last recession in 2009, research on 1,556 households [reported](#) that those who felt anxious about the economic crisis cut back on their spending and invested more in their retirement accounts, even if they hadn't been greatly affected by the crisis.

WHY SHOULD YOU NOT BE AFRAID OF A RECESSION?

Fear is "an unpleasant feeling triggered by the perception of danger." This emotion may have been helpful when we lived in caves and were being chased by dinosaurs, but in modern times it is ineffective and often causes suffering.

Business is about the truth. You want to respond to actual data within your business and not emotions that may make you feel like acting a certain way before the data warrants it.

The beauty industry has "[The Lipstick Effect](#)" going for it, which says that during times of economic crisis, consumers may be more willing to buy cosmetic products. This typically applies to less expensive cosmetic products instead of slightly more expensive beauty treatments. However, it may still apply to some consumers who stop spending on more significant items (like cars or upgrading their houses), but still want to look their best and treat themselves. It may also apply if you offer services that cost less than competitors - for example, if you offer Cryoskin, which is usually a lower-cost option compared to Coolsculpting.

As with any potential business risk, it's best to be prepared and know what you will do if you start to feel the impact.



How to Prepare for Impact

OFFER A GREAT SERVICE

The key to any great business is offering a great product or service matching customers' wants. So now is an excellent time to review everything you offer, how your staff is trained, and the cleanliness and quality of your location. What could you do to improve what you offer and do more of what your customers like and less of what they don't? To find out, just ask them! Running a customer survey can help you get some helpful information on aspects you should look at improving.

CHECK YOUR VALUE FOR MONEY

When was the last time you checked the pricing for similar services in your area? Every location is different - some are high-end, and some are more about low pricing. In times of economic pressure, people will start to shop around, and it's good to make sure your services are competitively priced compared to the value you offer.

CONSIDER ANY COST CUTS

It's always good to be as efficient as possible; this can be a great opportunity to "spring clean" your spending. One simple trick is to get every invoice your business has paid over the last three months (you can pull this from your accounting system or ask your bookkeeper to help) and review if all of those costs were absolutely necessary. The purpose of this is two-fold. Firstly, consider any cuts you could make before any challenges arrive - simply to make your business more efficient and profitable. Secondly, prepare a list of things you would cut if the recession comes and cuts into your revenue. This preparation helps you make non-emotional decisions as needed when you may be under more pressure to make changes.

REMEMBER THIS IS A BUSINESS, NOT A FAMILY

In a small business, it can be tough to consider how to raise the bar of the people you have working with you. These people often feel like (or sometimes actually are) family members. In a small business, the employees make up the company. Everyone on the team needs to be providing value for clients enough to make their salary worthwhile. Sit down and review your As, Bs, and Cs in terms of personnel of who should be kept and rewarded. You should coach Bs to see if you can get them to be an A. You should fire Cs. One simple question to help you think about this is to imagine everyone on the team resigned. Who would you re-hire?

REVIEW YOUR MARKETING

The main challenge we hear across our 1,500 partners is not their choice of technology, the service they offer, or their treatment of customers, but about marketing the business.

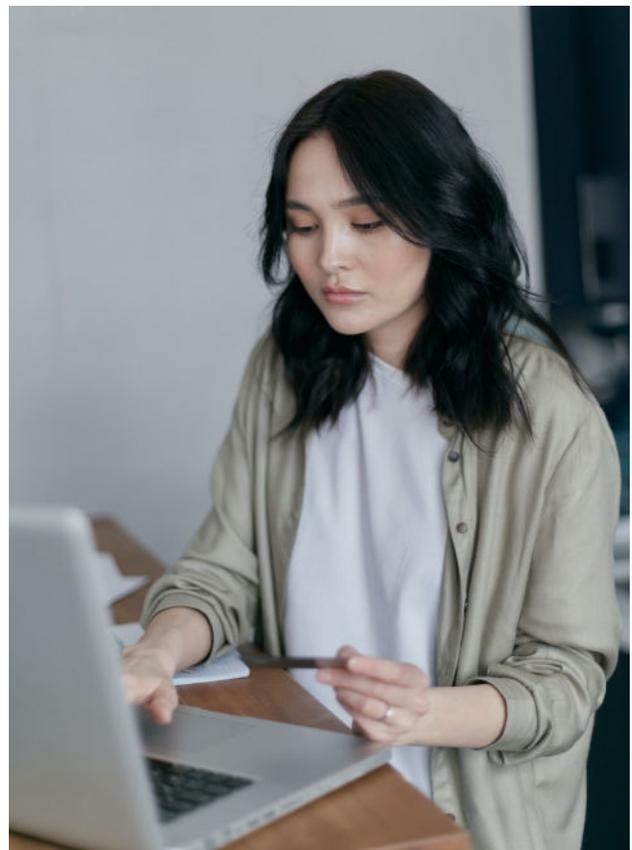
We published an eBook on "How to Grow Your Beauty Business Through Marketing"—we recommend [signing up for a free copy](#). This guide takes you through the process of what to review, including your value proposition, customer personas, and specific marketing tactics you should consider to grow your business. Marketing is a complicated and technical area, so you may consider getting additional outside assistance from specialists in areas like social media advertising.

REMEMBER SEASONALITY

The beauty business can be seasonal, depending on your services. Body treatments are more popular in the spring and summer when people wear less clothes. Facial treatments can be more prevalent in the winter and coming into the holiday season when people are attending parties etc. We published an eBook on [“How to Manage Seasonality as a Beauty Business Owner,”](#) which includes nine ways to take advantage of seasonality. A straightforward example is considering your product mix to take advantage of different seasonal trends, which can balance each other out if you offer a mix of services.

SAVE MONEY, PRESERVE OPTIONALITY

Optionality means having options as you never really know what life or business will throw at you. This is a core concept to keep front of mind. In business, you preserve optionality by saving money. If you have spare cash available when something goes wrong or a recession hits, you have the reserves to consider different options. Some of the suggestions above will help you increase your profitability, and the spare cash created should be saved up for a rainy day, especially if more challenging times are predicted.



Impact: Measure & Act

HOW CAN YOU MEASURE IF YOU ARE BEING IMPACTED?

With any business decision, you should start by looking at data.

Work with your accountant or bookkeeper to prepare some “key performance indicators” (KPIs), which you regularly review (monthly is a good cadence).

This will help you review numbers like revenue, costs, and profits on a monthly basis and compare these to the same time last year (which is especially important if your business is seasonal).

You don't need to panic if you have a quiet month or two. There are always random fluctuations in the numbers. However, this will enable you to spot trends - for example, if your revenue is steadily declining.

Your financial KPIs are “lagging indicators,” which tell you what is happening after it has already happened. You can also consider designing some “leading indicators” to give you more warning about trends that may be coming up. These could include tracking the number of people who come into your location daily or asking people to complete a simple survey after each visit to track how happy clients are with your services. Leading indicators can help give you an early view of things that may later appear in your numbers and bank account.

If you are not great with numbers, ask a friend or relative to help you. In business, you get what you measure.

IF YOU ARE IMPACTED, WHAT SHOULD YOU DO?

If your financial performance is worsening, here are some things to consider:

1. IS THIS THE “RECESSION” OR SOMETHING ELSE?

It can be tempting to blame business issues on external factors like “a recession”. However, if local businesses are still thriving in your area, there are likely some things you can improve in you business. A key difference between successful business owners and those who are less successful is that they “look in the mirror, not the rearview mirror”. You should start by considering what you can do better before blaming external factors for the performance; do a careful review of what your customers think, what your staff says, and ask friends for an honest opinion. Devise a list of things you can change about the business; prioritize these and focus on the things which will make the most significant difference in the short run.

2. STAY CALM

You won't achieve anything by panicking, so before considering what to do, check on your mental health. You want to be able to rationally think through your data to help you make the right decisions. This starts by relaxing your body and becoming aware of the emotional responses you are having. If fear gets out of control, it can lead to bad decision-making. There are several techniques that can help you have the presence of mind. Some of these include meditation, journaling (to analyze your thoughts and get them out of your head), taking deep breaths, tensing and releasing the muscles in your body, and naming things in your surroundings (name

what they are, their shape, and their color out loud). The goal is to allow your mind to look at the information and make a clear decision instead of being affected by the emotions you feel during a challenging period.

3. CONSIDER COST CUTS

If your business' revenue is declining and you don't think there are quick fixes to improve your revenue quickly, consider your cost base and determine if you can right-size it to your level of revenue. If you decide to cut, especially when it comes to personnel, then you should cut once and deeply. The reason to cut once is that any headcount reduction will affect the remaining team's morale. This low morale will likely pass quicker than you might think IF you only cut once. Clearly explain to your staff who are cut, why this has happened, and support them in finding other work. Then explain to the remaining team what has happened and why they are not at risk. You might also consider reducing what you take from the business (if you are taking anything!) to show that you are also contributing to the cause. If you can cut non-people-related costs first, these are always easier as they don't affect people's lives as much.

4. REVENUE

While it's good to consider your costs first, you can't cut your way to greatness. So now, you need to have a hard look at the numbers within your business to see how you can grow. Analyze what products or services are selling and what type of customers love your services. Then brainstorm strategies that build on your strengths. You can consider promoting your best services, finding more of the types of customers who love those services, extending the services you offer to adjacent areas, and selling more to your top customers. In general, you want to build on your strengths and eliminate areas where you are weaker.

5. SET A TRIP-WIRE

When you are running a business and it's not going well you are in what is described as "The Struggle". The struggle is a time all entrepreneurs experience where it's unpleasant and very hard work. However, you also don't want to go bankrupt or have your family life too seriously affected by the challenges within your business. One way to mitigate these risks is to set a timeline for when you will review if you should carry on with the business or make further changes. By setting this trip-wire for a specific time or after a certain amount of money has been spent, you can then put your energy into fixing the problems.

Thanks for reading!

WE ARE HERE TO HELP

Artemis's mission is to help entrepreneurs. If you are struggling with running your business or with any of the issues outlined in this ebook, feel free to text our founder, Simon, at 917-266-3217, and he will set up some time to talk to you. Simon has been through the struggle a few times and can help you strategize about what to do.

To contact Artemis email sales@artemis.co