



The Metrics of Grooming

Mastering Revenue Quality & Profitability

A strategic diagnostic guide to Key Performance Indicators
for the modern barbershop.

THE MODERN GENTLEMAN'S LEDGER

THE PHILOSOPHY OF REVENUE QUALITY

Sustainable growth requires segmenting revenue to understand the true margins of the business.
Not all dollars are created equal.

THE SPLIT

1. **Service Revenue (The Core):** Lower margin due to high labor/supplies. **~15% variable costs.**
Example: **\$85/visit.**
2. **Retail Revenue (The Accelerator):**
Higher margin potential. **~55% gross margin.**
Example: **\$35/transaction.**



THE GOAL: Focus on Lifetime Value (LTV) based on a blended AOV of \$120 over 3 years, rather than single-transaction thinking.

The 7 Pillars of Performance

REVENUE DRIVERS (INCOME)

Average Order Value

Target \$40+

Retail Revenue Mix

Target 12-15%

OPERATIONAL EFFICIENCY (COST & CAPACITY)

Contribution Margin %

Target 85%

Labor Cost %

<60%

Chair Utilization Rate

65-75%

SUSTAINABILITY (LONGEVITY)

Client Recurrence Interval

28-42 Days

Break-Even Visits

42 Visits/Day

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AVERAGE ORDER VALUE (AOV)

Definition: The average monetary value generated every time a client walks through the door.

Benchmark Target: \$40+

Context: Current projection is **\$39.25**. An AOV below \$30 signals a failure to bundle services.

The Calculation: Total Revenue / Total Visits.

Example: \$45,000 Revenue / 1,000 Visits = **\$45.00**.

STRATEGIC ACTION:

- Mandate 100% post-service retail recommendations.
- Create tiered service packages.
- Warning: If AOV drops below \$40 for three consecutive days, pause non-essential spending.



RETAIL REVENUE MIX

Definition: The percentage of total income derived from physical products (beard oil, pomade) vs. labor services.

BENCHMARK TARGET: 12% - 15%

Risk: Below 10% leaves high-margin money on the table. Retail margin is approx. 55% vs. service margin.

The Calculation: Retail Sales / Total Revenue.

Example: \$2,400 Retail / \$20,000 Total = 12%.

STRATEGIC ACTION:

- Bundle services (e.g., hot towel shave) with related products.
- Place displays near checkout/waiting areas.
- Train barbers to recommend the specific product used during the cut.



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CONTRIBUTION MARGIN %

Definition: Revenue remaining after direct variable costs (COGS, transaction fees, complimentary beverages).

BENCHMARK TARGET: 85%

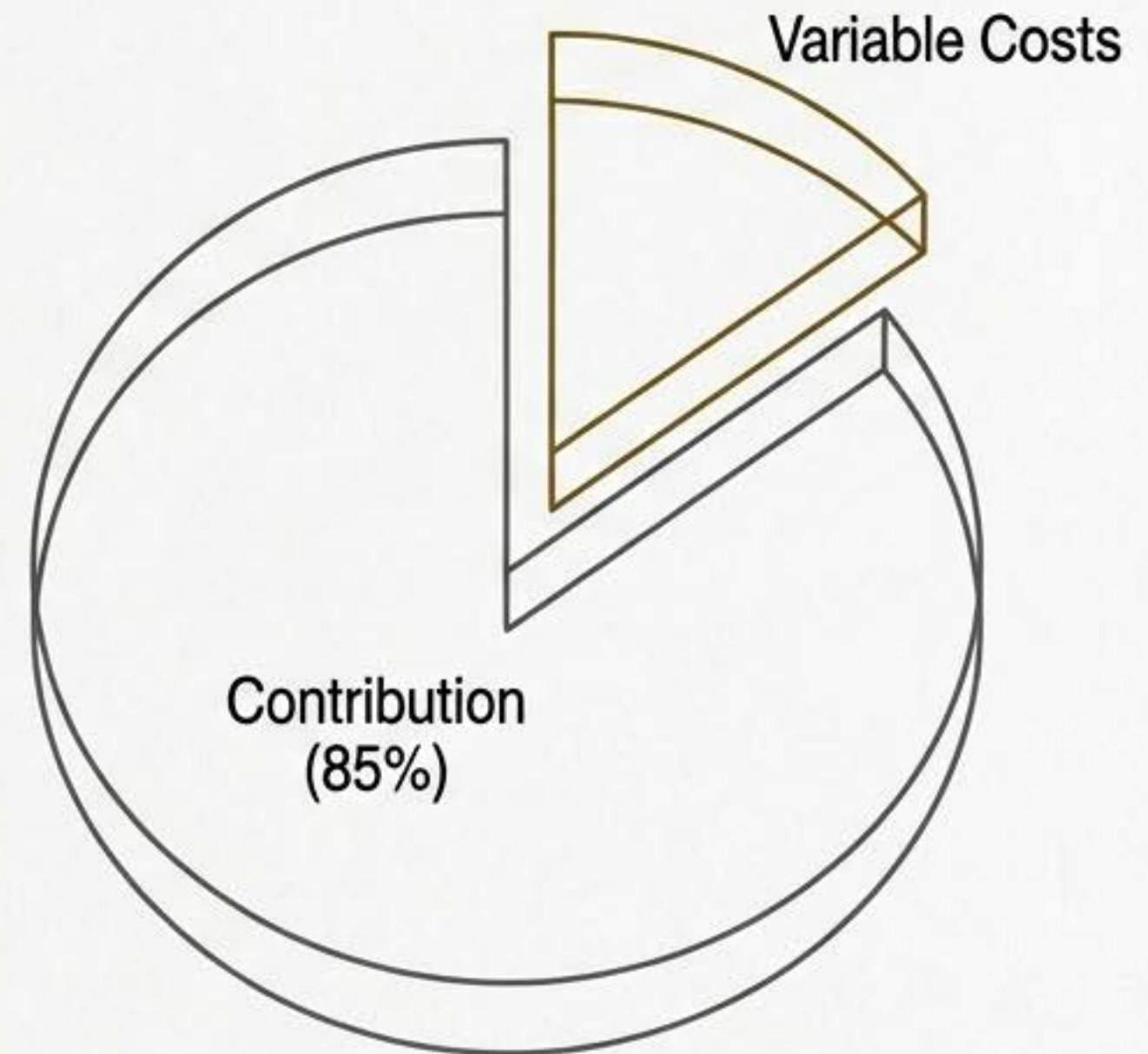
Distinction: Gross Margin (Service Revenue - Supplies) is typically 92%. Contribution Margin includes retail COGS and amenities, offering a truer picture of pricing power.

The Calculation: $(\text{Revenue} - \text{Variable Costs}) / \text{Revenue}$.

Example: $(\$50k - \$7.5k) / \$50k = 85\%$.

STRATEGIC ACTION:

- Dip below 75%? Your retail mix is too small, or amenities are too expensive.
- Renegotiate payment processing fees monthly.



LABOR COST %

Definition: The ratio of revenue consumed by staff wages (salaries + commissions).

BENCHMARK TARGET: < 60%

Goal: Lean operations eventually aim for 45%. If >60%, current pricing does not cover the payroll burden.

The Calculation: Total Wages / Total Revenue.

Example: \$42,000 Wages / \$80,000 Revenue = 52.5%.

STRATEGIC ACTION:

- Boost AOV to dilute the wage base.
- Manage non-revenue time strictly.
- Risk Factor: If onboarding takes 14+ days, churn risk rises due to slow ramp-up.



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CHAIR UTILIZATION RATE

Definition: The percentage of time the asset (chair) is generating revenue vs. sitting available.

BENCHMARK TARGET:

65% - 75%

Reality Check: Below 60% = paying for idle real estate.
Above 80% = quality suffers.

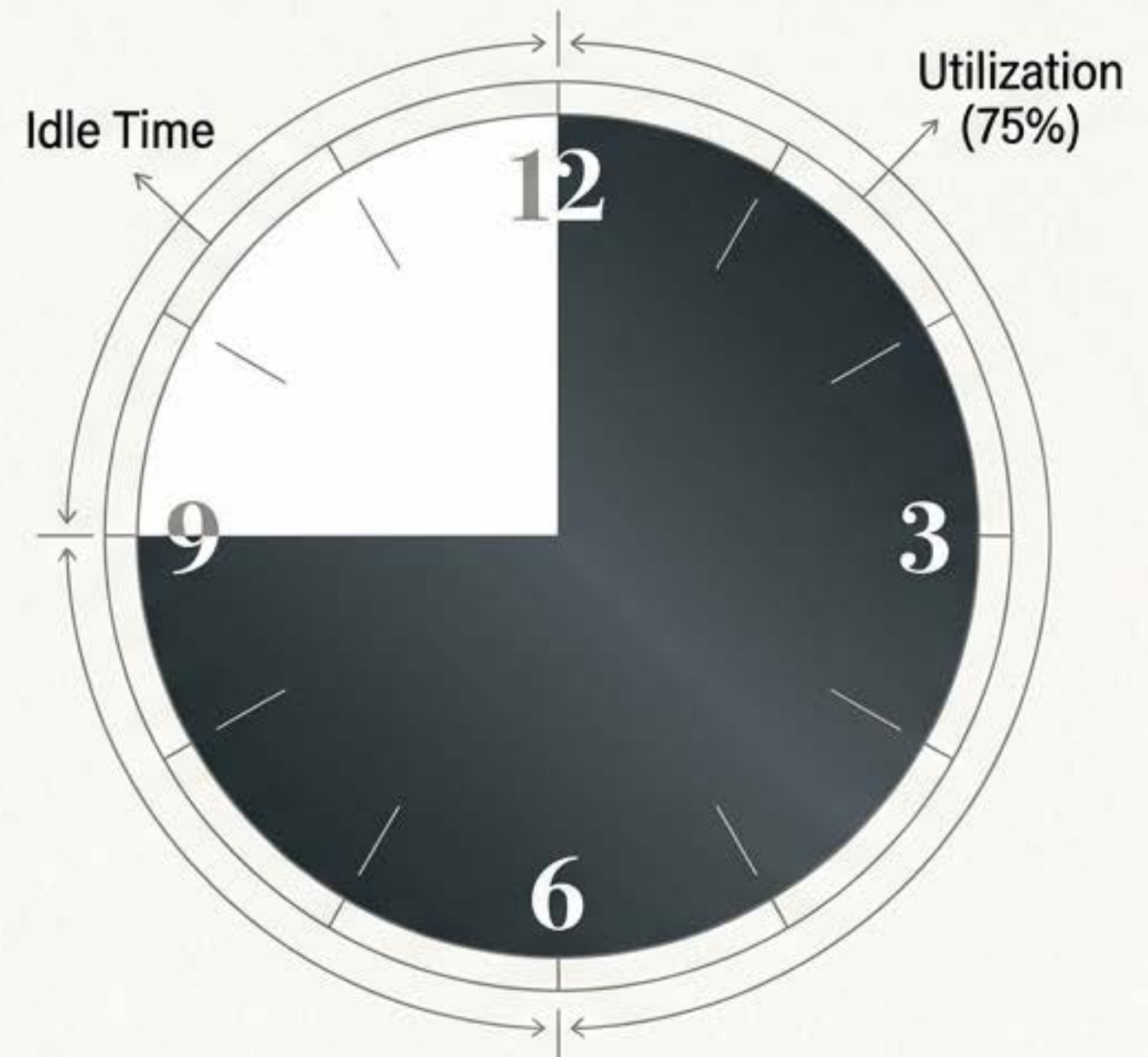
Loss Metric: An empty chair for 2 hours = ~\$170 lost revenue daily.

The Calculation: Service Hours Used / Total Available Hours.

Target Productivity: 1.3 services/hour per barber.

Strategic Action:

- Incentivize off-peak bookings (e.g., Tuesday afternoons).
- Streamline client handover to cut turnover time by 5 minutes.



CLIENT RECURRENCE INTERVAL

Definition: The average number of days between client visits.

BENCHMARK TARGET: 28 - 42 Days

Urgency: If interval hits 55+ days, revenue potential is lost. A 10% retention improvement can boost LTV by 30%.

The Calculation: Total Days Tracked / Total Repeat Visits.

Strategic Action:

- **Marketing:** Target rebooking at Day 35, not Day 40.
- **Automation:** Send SMS reminders 5 days before the 28-day mark.
- **Analysis:** Flag any client with a >45 day interval for re-engagement offers.



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BREAK-EVEN VISITS PER DAY

Definition: The daily volume required to cover all fixed overhead (Rent, Salaries, Equipment).

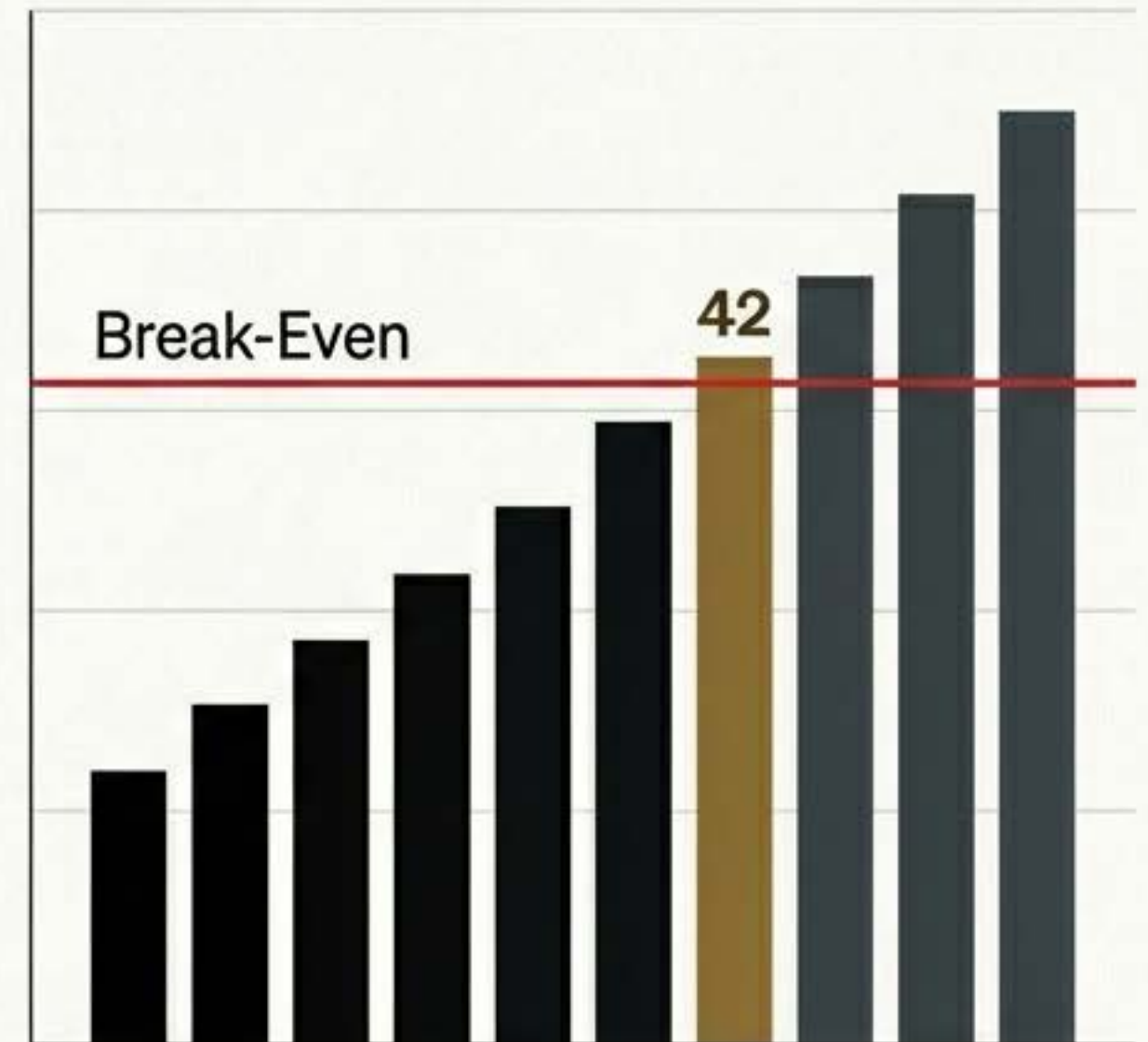
BENCHMARK TARGET: 42 Visits/Day

Assumption: Based on \$27,000 monthly fixed costs and ~\$642 contribution per visit (aggregate).

The Calculation: Monthly Fixed Costs / Contribution Margin per Visit.

Strategic Action:

- **Red Flag:** If this number is missed for 3 consecutive days, flag immediately.
- **Interdependency:** Dependent on Labor Cost staying <60% and AOV staying >\$40.



THE PATH TO PROFITABILITY: A MANAGER'S WORKFLOW

DAILY CHECK

- AOV:** Is it **>\$40**?
- Break-Even:** Did we hit **42 visits**?

WEEKLY CHECK

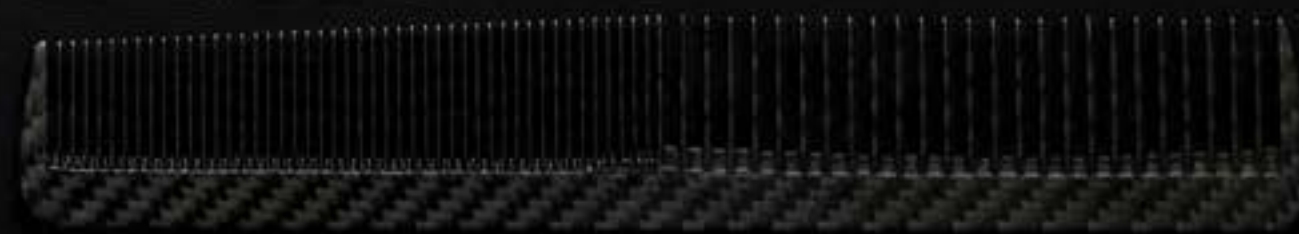
- Utilization:** Is the chair busy **65-75%** of the time?

MONTHLY CHECK

- Labor Cost:** Is it **<60%**?
- Contribution Margin:** Is it **85%**?
- Retail Mix:** Is it **12-15%**?
- Recurrence:** Are clients returning in **28-42 days**?



**Profitability is not an accident;
it is engineered.**



The Modern Gentleman's Ledger