# Day Spa Operational Strategy & Financial Model

A Roadmap to Sustainable Profitability (2026 Outlook)

Prepared for Investor Review & Management Implementation

Concept — Validation — Build-out — **Cash Flow Positive**

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# Executive Snapshot: The 2026 Financial Architecture

## $562,000

Total Funding Requirement

(CAPEX + Working Capital Buffer)

## 4 Months

Speed to Breakeven

Time to operational profitability post-launch

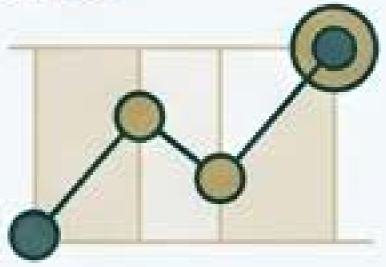
## $300,000

Projected Year 1 EBITDA


Based on $1.242M Annual Revenue

## 25 Visits

Critical Volume Target



Daily average required to cover fixed costs

# Bridging the Gap: Medical Luxury vs. Quick Fix

**$75 Massage Spots**

Low quality, high turnover, transactional.

## The Day Spa

**Medical Spas**

Clinical, invasive, expensive.

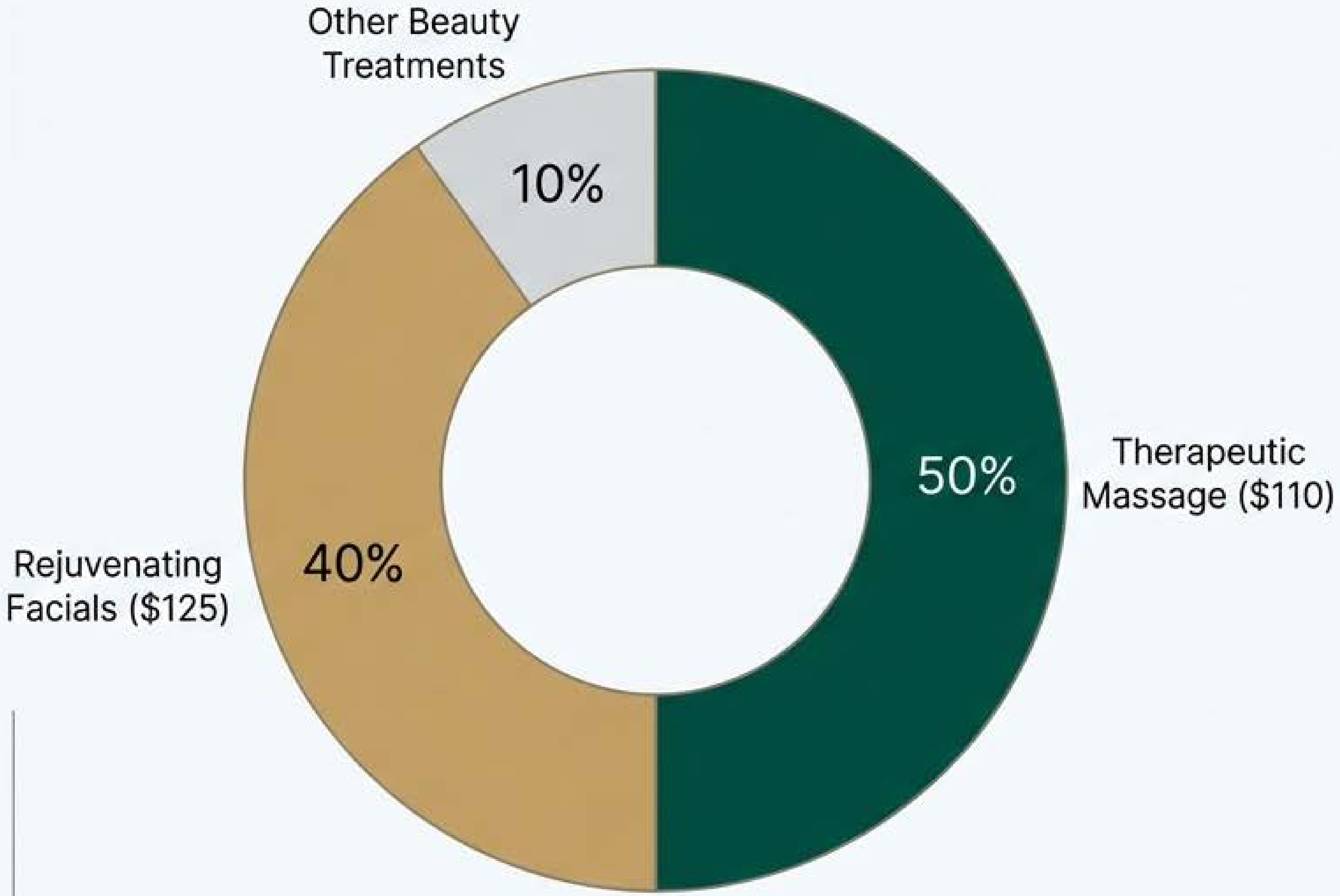
**Value Proposition:** Holistic stress relief and consistent self-care. Premium but accessible.

**Target Persona:** The Busy Professional (Ages 25–60).

### Validation Check: Competitor Mapping

Must confirm unsaturated market within 5-mile radius before lease signing.

# Service Mix & Revenue Composition




### Strategic Insight

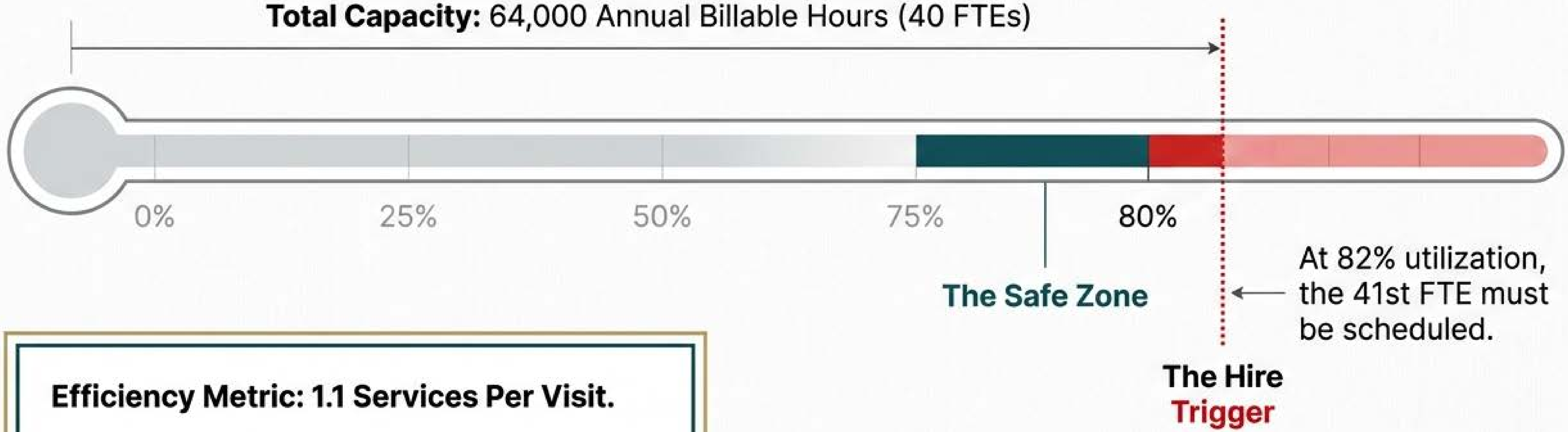
**Therapeutic Restoration > Cosmetic Upkeep.**

Revenue is driven by stress management and health maintenance, ensuring recurring visits rather than one-off cosmetic treats.

Core Revenue Stream: Massages.

Critical Income Source: Facials.

# Operational Capacity & Utilization Physics




**Efficiency Metric: 1.1 Services Per Visit.**

Increasing revenue density per client improves utilization efficiency.

# The Capital Baseline: CAPEX & Construction

| Month 1 | Month 2 | Month 3 |
|---|---|---|

**Spa Build-Out ($250,000)**

**Equipment Procurement ($193,000)**

**60-Day Lead Time**
Specialized equipment must be ordered early to match build schedule.

## Total Hard Cost: $443,000

## Total CAPEX (Pre-Revenue)

# Revenue Architecture: Deconstructing the $138 ARPV

## The Retail Multiplier

Without the $25 ancillary spend, the model weakens. Marketing must push high-value treatments to lift Average Order Value (AOV) above $100.

# Strategic Mandate: Fixing the Margin Leak


**CRITICAL RISK:** Current assumptions yield a Negative Contribution Margin.

**Action Required:** Immediate renegotiation of commission structures and vendor costs is mandatory to achieve positive yield.

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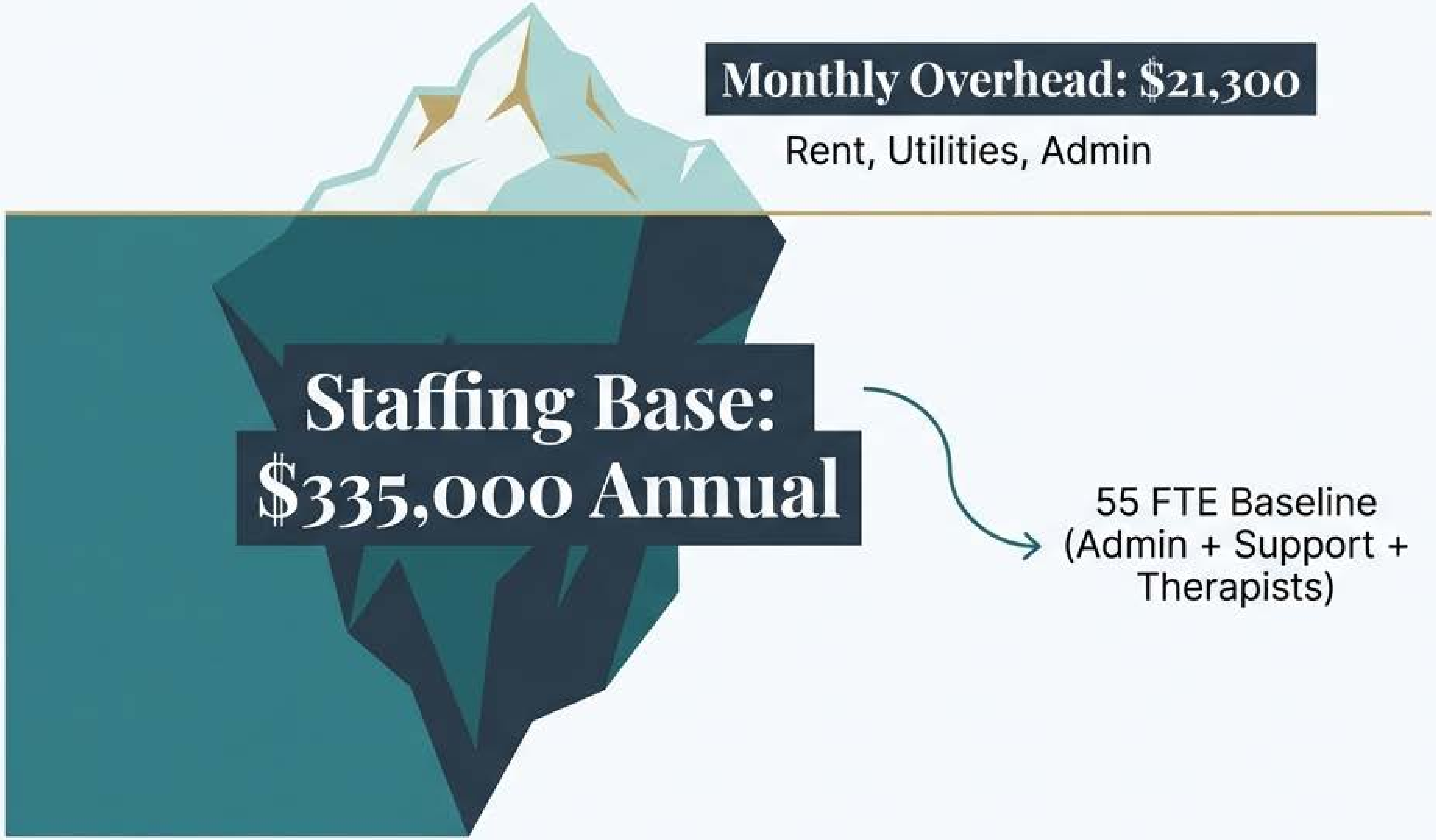
# The Fixed Cost Iceberg




## Insight:

High fixed costs mandate high volume. There is no “low volume / high margin” path available with this overhead structure.

# Breakeven Mechanics: The ‘25 Daily Visit” Threshold


**$28.40**

Required Contribution per Visit
(Net after wages & service costs).

Timeline: Projecting Operational Breakeven by Month 4.

# Profitability Horizon (Year 1 EBITDA)


**Condition:** Validates the business model if ARPV holds at $138 and utilization targets are met.

# Funding Requirement & Use of Funds

**Total Ask: $562,000**

$443,000 CAPEX
(Build-out & Equipment)

$119,000
Working Capital
Buffer

Undercapitalization Risk: High fixed wages ($335k/yr) mean that raising less than $562k risks cash-out before the Month 4 breakeven point is reached.

# Strategic Checklist: The Path to Launch

- **Market Validation:** Premium/Wellness gap identified ($110-$125 price point).
- **Capacity Planning:** 40 FTEs / 64,000 Hours mapped.
- **CAPEX:** $443,000 identified for 60-day build/equip cycle.
- **Margin Correction:** Restructure commissions to fix negative contribution.
- **Breakeven Target:** 25 Daily Visits required by Month 4.
- **Funding:** Secure $562,000 cash by June 2026.

GO / NO-GO