TIP OF THE ICEBERG

A quick Q&A on gratuity at spas
by Dori Soukup
Tipping originated in the United Kingdom, where customers would slip money to the waiter “to insure promptitude” (tip). Today people are expected to tip almost any time a service is rendered, no matter what is provided. The tip amount may vary from $2 for a doorman at a hotel, and up to 20% and more for waiters and spa practitioners.

The tip amount spa and salon guests give may vary based on the quality of the service and the type of treatment they received—at least that is how it should be. However resort spas often make their own rules when it comes to tipping.

Many resorts charge for services and tips upfront before guests even receive their treatments. By choosing to charge ahead of the service, these spas may potentially close the sales tickets and kill the upgrade and retail opportunity. Be aware also that in many states, mandatory service charges are not considered tips—which means that business employers are not required by law to share that extra money with their team.

Tipping in the United States started just after the American Civil War. In the late 1800s, wealthy Americans traveling abroad to Europe witnessed tipping and brought the aristocratic custom back with them to show off their higher status, education and class.
Thus the seemingly basic rules of tips—among these that they are meant for the team and not the owner—are not quite that simple after all. Whether you are an employer or an employee, make it your obligation to know the rules of tipping before your start your business or take on a new job. Here is a simple Q&A to shed light on some common tipping concerns:

**IS THE TIP CONSIDERED PART OF THE COMPENSATION MIX?**

From the owner’s point of view, the tip could subsidize some of the compensation the owner pays. Some owners believe that it should be part of the compensation model. They argue that it is part of the income potential just like any other hospitality positions, from waiters to concierges and so on. Although this would not be appropriate for the spa industry, when it comes to tipping, many states allow for the practice of “tip credit,” which means that employers can pay their team less than minimum wage if the tips employees receive make up for the difference.

**SHOULD ONLY CASH TIPS BE ACCEPTED AND/OR CAN THE TEAM BE CHARGED THE CREDIT CARD PROCESSING FEE?**

Tipping is a cost to an owner when the tip is left on the credit card. The owner has to pay processing fees and manage the accounting of the tip.

This could add up to a big expense, which is why some owners now accept cash-only tips. Eva Kerschbaumer, owner of ESSpa in Pittsburgh, PA, only accepts tips in the form of cash or checks. She says that it allows the therapists to get their tips right away.

This rule, however, puts clients who do not carry cash in an awkward position, and cheats the team of the additional income.

Perhaps a preferred method can be to pass on the cost of credit card processing to the team not only defeats the purpose of tipping, it can create unnecessary complications in the payroll process. As such, YeloSpa assumes all the processing fees.

**HOW TO ENSURE THAT THE TIPS ARE NOT BEING STOLEN?**

The best way to ensure that tips are managed properly is by charging them on the credit cards. With cash tips, it is wise to use small tip envelopes that can be sealed and returned to the receptionist. This is just what Kerschbaumer practices at her spa. “[Clients] can either give [the tip envelop] to the therapist or they can leave it with the receptionist who will then place the envelope in that therapist’s personal tip drawer,” she says.

Cameras are also a must in the lobby and reception area to monitor retail, tips and overall behavior.

**SHOULD TIPS BE CASHED OUT AT THE END OF THE DAY?**

If the tip was given in cash, then it should be cashed out daily to the team. If it was done by credit card, then it should not. This practice is a burden to the business, and cuts into the owner’s cash flow management.

If a tip is given on a credit card, then the business owner should give it out with the paychecks. Ronco hands out credit card tips with paychecks every other week. This practice turns out to be best for both the business and practitioners—a good point of sale system (POS) software will allow owners and employees to keep track of tips. When therapists receive cash, they spend it a lot faster than when it comes in a paycheck.

Thus, the team should be taught that tips are part of their income and not just icing on the cake. By having it as part of the check, it gives them the opportunity to better manage their finances.

**SHOULD THERAPISTS SHARE THE TIPS WITH THE SUPPORT TEAM?**

Tip pooling, where tips are shared among employees, can be a rule within a business in some states if the owner chooses. Sharing a percentage of the tips with the support team can be great practice, as it can keep the team united and working together to help each other.
This is a practice that Spa Marbella at the Mission Inn Resort in Orlando, FL, applies and it works really well! However, be aware that in some states, employees who receive tips cannot be required to share them with those who customarily do not—in addition, employers, and in some instances, managers and supervisors, cannot be made part of the pool.

**SHOULD MEDI SPAS ACCEPT TIPS?**

Medi spas do not normally accept gratuities, yet some do. Club West Med Spa in Midlothian, VA, accepts tips on spa treatments but not on medical treatments. Nurses, physician assistants and doctors should not accept tips.

**HOW TO HANDLE GUESTS WHO DO NOT LEAVE A TIP?**

If the guest does not leave a tip, it usually means they were not satisfied with the service, or it may be that they are not aware that it is customary. To help the team receive tips, the receptionist can say the following: “Your total for today is $150. This does not include gratuity, would you prefer to leave it on a credit card or cash?” This will give the guest options to choose from.

**SHOULD THERE BE A SIGN SHOWING THE RECOMMENDED TIP AMOUNT?**

Forget the sign and focus instead on delivering a “wow” guest experience—the tip will follow. The most important thing to remember when it comes to tips is to take care of your clients and not worry about it.

One of my favorite statements is, “When you give people what they want, you will automatically get what you want!” Practice this and your therapists will get their fair share of tips and more.

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