



NICHOLAS GRIVER | STAFF

Debbie Nazelrod takes a break for a pedicure at Spa in the Valley, the newest store in her growing chain of spas.

Starting small

Spa owner expands by pouring profits back into company

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When Debbie Nazelrod opened her first salon in 1990, she thought she would be the sole employee.

Hence, she named her business Salon by Debbie Corp.

But today, Nazelrod has some company. She employs 250 at three spa locations, with combined revenues of \$4.2 million.

That's a far cry from her early days when "Debbie" started with a single, 800-square-foot in Baltimore.

"I started small because I thought it would be just me," said Nazelrod, whose career in the industry began as a receptionist for Towson salon chain About Faces Day Spa and Salon.

Nazelrod's success has come as the area's day spa business has proliferated. New entrants to the Baltimore market include: Spa Sante, which opened in Harbor East in January; the Pearl, an 11,000-square-foot spa, which opened recently at Maple Lawn,

a mixed-use development in Howard County; and About Faces is opening its fifth day spa at Canton Crossing in September.

The trend can be seen nationally, too. The number of spa locations in North America grew at an average annual rate of 12 percent between 2002 and 2004, the latest information available from the International Spa Association, based in Lexington, Ky. There are more than 12,000 spas in North America.

Nazelrod credits her growth to the fact that she has continually invested any money she made back into her three spas: Spa on the Avenue, at the Avenue in White Marsh; Spa at the Crossing, in the Perry Hall Crossing Shopping Center; and her latest, Spa in the Valley, at the redeveloped Hunt Valley Towne Centre.

For instance, two years ago, Nazelrod created an offsite call center where eight employees take appointments for the three spas. This frees up front-desk employees who can focus on greeting guests, rather

than divide their time between answering the phone and talking to in-store clients.

Nazelrod also invested more than \$60,000 into a new software system and pagers so employees can be made aware of new bookings immediately.

Allowing employees to devote as much time as possible with the customer is key for spa owners to distinguish themselves from competitors, said Patrick Brennan, CEO of her former employer, About Faces.

Spa industry experts say that finding the right location is key. As Nazelrod has expanded, she has tried to find underserved locations and prefers so-called "lifestyle centers" to an enclosed mall. With their extensive landscaping and Main-Street style design, open-air centers keep customers longer who like to linger longer, thereby giving them more time to notice a store or service, such as a spa.

Spa: Entrepreneur takes a chance on revitalized Hunt Valley shopping area

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Nazelrod opened her spas in Hunt Valley and White Marsh after developers asked her to consider the spaces. "I really loved the Avenue," Nazelrod said. She opened her White Marsh spa in 2003.

When Hunt Valley developer Greenberg Gibbons Commercial Corp. approached her in 2004, she was skeptical. At that time, Hunt Valley Mall carried the unenviable moniker "Death Valley Mall," and it was a fixture of the Web site DeadMalls.com. But once she found out that Wegmans Food Markets Inc. would be its anchor tenant, she signed up for the mall, which is now almost fully leased.

It turns out her hunch on locations proved to be good: Revenues at Nazelrod's firm have grown 35 percent yearly over the past five years.

"She certainly understands that there is a lot of opportunity in the day spa market," Brennan said of Nazelrod. "She wants to have a quality operation."

At more than 10,000 square feet, Spa in the Valley is Nazelrod's biggest spa to date, about two-thirds larger than the White Marsh location. Nazelrod wanted to allocate more space to spa services with features

such as a Swiss shower, a eucalyptus steam room, a hot tub and 14 treatment rooms for massages and facials.

The reason? When Nazelrod first started her business, salon services carried the business. But today the revenues are evenly split between the salon and spa.

Nazelrod, who has financed her growth by taking out bank loans, poured \$2 million into Spa in the Valley, which opened October 2005.

In the early stages of her business, Nazelrod kept her costs low by taking what she describes as a "moderate" paycheck when she first started. She also credits her growth to remaining involved in every aspect of the business — from working the front desk to handling the books. Though she now has a bookkeeper, she was initially the company's accountant.

What's the most challenging aspect of her business? "Being at three places at once," Nazelrod says.

Make that four places. In about two years, the entrepreneur will pour another \$2 million to open her fourth spa in Ocean City, in a new lifestyle center under construction.

"It's growing so much, just like Hunt Valley," Nazelrod said of Ocean City.