



zen massage[®]

No Contracts • No Membership Fees
close your eyes and count to zen[®]

Zen Massage[®]

Operations Manual

Manual Receipt

Date: _____

I, _____, have read the
Franchise

(Franchisee Full Name – Print)

Agreement and the Ownership / Proprietary Statement
regarding the use and confidential nature of the Zen
Massage[®] Operations Manual. I agree to the terms of use. I
have taken possession of a Zen Massage[®] Operations
Manual.

Franchisee Signature

Date

Trainer Signature

(Or authorized Zen Massage[®] staff)

Date

CONFIDENTIALITY AGREEMENT AND FRANCHISEE INFORMATION

AGREEMENT between Zen Massage Franchising, Inc. (formerly Abundance Group, LLC) with corporate offices in Harrisburg, NC, and, _____ (hereinafter "Franchisee") made as of this _____ day of _____ 20_____.

WHEREAS, Zen Massage Franchising, Inc. hereto considers it necessary to disclose certain technical, operational and business data and other information to Franchisee, some of which is deemed highly proprietary and confidential; and

WHEREAS, Zen Massage Franchising, Inc. wishes to disclose such technical, operational and/or business data and other information without making its respective information generally public and common knowledge; and

WHEREAS, Zen Massage Franchising, Inc. wishes to ensure that such proprietary data is not made available to possible competitors of Zen Massage Franchising, Inc. in the massage therapy business.

NOW, THEREFORE, in consideration of the premises and mutual covenants hereinafter set forth, Zen Massage Franchising, Inc. and the Franchisee hereto agree as follows:

For the purpose of this Agreement, the confidential data and other information of Zen Massage Franchising, Inc. concerning the business history, strategy, technology, revenue, operating procedures, manuals, equipment, designs, layouts, franchise plans and business prospects of Zen Massage Franchising, Inc. shall hereinafter be collectively referred to as the Confidential Information to the extent that the Franchisee has been made aware of the confidential nature of such confidential data and other information.

The Franchisee agrees not to distribute, use or disclose to others, without written consent of Zen Massage Franchising, Inc., any of the Confidential Information in any form whatsoever, except for use of the Confidential Information to the extent necessary for the Franchisee to perform under this Agreement. In the event of breach or threatened breach by the Franchisee of the provisions of this Agreement, Zen Massage Franchising, Inc. shall be entitled to an injunction restraining the Franchisee from disclosure or unauthorized use of any of the Confidential Information protected under the terms of this Agreement. In addition, nothing herein shall be construed as prohibiting Zen Massage Franchising, Inc. from pursuing any other remedies available to Zen Massage Franchising, Inc. for such breach or threatened breach, including recovery of damages.

By signing below, the Franchisee understands and agrees to this Confidentiality Agreement.

Franchisee Print Name

Date:

Franchisee Sign

FRANCHISEE INFORMATION

Name

Zen Massage[®] Center Address

Zen Center Phone Number

Cellular Number

E-mail Address

INTRODUCTION TO THE ZEN MASSAGE® OPERATIONS MANUAL

Purpose of this Manual

The purpose of this manual is to assist the franchisee in day-to-day operations of a Zen Massage® franchise. The Franchisee will be given the tools needed to successfully manage, recruit, train and oversee this service oriented Franchise with support and training from the Franchisor.

Importance of Confidentiality

It is important that the Franchisee treat the enclosed information with the utmost confidentiality, as any disclosure of the enclosed information may cause serious harm and/or damage to Zen Massage® and Zen Massage Franchising, Inc.. Therefore, the prospective Franchisee will be required to sign a Confidentiality Agreement prior to any discussions or negotiations on the part of the Franchisor.

Keeping the Manual Current

The Franchisee will be periodically updated on all new and innovative procedures and policies by email and/or mail as soon as such procedures and policies go into effect. This will include information on new software and/or hardware, new suppliers, training methods and general office procedures that may become available to assist in the day-to-day operations of the Franchise. When new procedures and policies are distributed from the Franchisor, the Franchisee will be responsible for inserting the new pages in the Zen Massage® Manual and sharing the new procedures and policies with staff members.

Submitting Suggestions

The Franchisor is always available and open to any suggestions that a Franchisee would like to propose. All suggestions should be in writing and submitted to the Franchisor. All suggestions will be reviewed and considered. However, a formal letter from the Franchisor must be received approving the suggestion(s) before the Franchisee will be allowed to institute the suggestion(s).

Disclaimer

This manual has been produced for guidance only; it is imperative that the Franchisee seek professional advice with regard to all specific state and city regulations required for their state and city.

The information contained in this manual is confidential and is intended only for the person to whom it is delivered by Zen Massage® and Zen Massage Franchising, Inc.. Any reproduction of its contents in whole or in part without prior written consent of Zen Massage® and Zen Massage Franchising, Inc. is prohibited.

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1.1 **History of ZEN MASSAGE®**

In 2005 the Zen concept was born by testing a simple idea, would clients come more often with a high quality but lower priced massage that did not require a contract? So with one room and one therapist the plan began. Within one month Zen had added on a second room and therapist and from there continued to grow into Zen Massage Dilworth.

Zen Massage Franchising, Inc. followed in 2007 continuing this simple concept of offering high quality massage therapy at an affordable rate while not requiring any contracts or membership fees. This concept has proven to be a winning combination for the clients, massage therapists and the owners.

1.2 **Zen Mission Statement**

At Zen Massage Franchising, Inc. we are out to:

Create a nation-wide system of successful Zen Massage® locations by offering customers the best Overall Value Experience in our industry.

We will do this by:

Ensuring clients always receive high quality therapeutic massage services and a rejuvenating personal escape in a relaxing environment that will make them want to return frequently

~And~ making it easy for them for return often because we offer affordable prices without the burden of contracts or membership fees.

Ensuring efficient locations that are always operated in a professional, well-staffed manner ~And~ continually carrying the Zen Massage® message to consumers.

1.3 **Zen Massage® Corporate**

Zen Massage Franchising, Inc. corporate office: 4110 French Fields Lane, Harrisburg, NC 28075.

SECTION 2: OPERATIONS

2.1 Days/Hours of Operation

Hours of Operation should be defined by demand, therapist availability, and room readiness, as well as following your Franchise Agreement. All Locations MUST be open 7 days a week, since this is part of what sets Zen apart. The goal is to operate at maximum capacity, which is Monday through Friday from 8:30am to 9pm (massage hours are from 9am to 8pm). Saturdays from 8:30am to 7pm (massage hours are 9am to 6pm), and Sundays from 10am to 6pm (massage hours are 11am to 5pm). These hours can be adjusted based on demand and therapist availability. It is important to maintain a nationwide standard, so our Clients visiting other cities know exactly what times we operate.

2.2 Value of Time

We are a time sensitive business and it is very important that ALL employees and independent contractors understand this. Please make sure you stress the importance of being on time during your orientation. Explain to all staff that being late is inconsiderate to the clients and front desk personnel. Value of time for the clients and other staff ensures a smooth operation.

2.3 Front Desk Procedures

2.3.1 Understanding the Products Offered: Knowing your product is vital. Learn all of the types of massages and be able to describe the difference between massages. If a client is uncertain about what type of massage to get, you can suggest that they wait to talk with their therapist who can recommend the appropriate type of therapy based on their specific situation. This decision should be left up to the Client and Therapist in the privacy of the massage room. Make sure you find out from that Therapist what type of massage the client received so you can charge the appropriate amount. Refer to Section 4.1.3 and 4.1.4 for massage descriptions.

2.3.2 Customer Service: We are in the business of customer service. Make sure you hire pleasant and knowledgeable front desk staff. The front desk staff is critical to your business because they make the first impression and set the tone for the client's experience. Treat your staff well and they will help to grow your business with their loyalty and consistency.

2.3.3 Scripts: If you practice and follow the scripts to the letter (see Section 4.1), this will ensure that you tell the client everything they need to know and that you capture all the necessary information for your business.

2.3.4 Checklists: We have set up several checklists to use as guidelines, i.e. Hiring, Interviewing, Opening and Closing, etc....It is recommended that you set up your own checklists for your location. Checklists form a tight guideline as to what is expected of each staff member. You can find the Checklists located throughout this manual.

2.3.5 Phone: Always answer the phone when it rings. If you have more than one

(1) line, always answer both lines when they ring and put one line on hold. It is better to let your clients know you are open and busy rather than them calling continuously and getting no answer.

2.3.6 Scheduling Appointments: Zen uses the Millennium software program. You will be trained on how to use this and you can also receive training via Millennium's customer service when needed. Using the scripts in Section 4 will be a big help. You will need to get the clients name, telephone #, credit card # or gift certificate # to reserve the appointment and the type of massage wanted. Tell the client to arrive at least 10 minutes early to fill out paperwork, give them directions, tell them about Zen's Cancellation Policy.

2.3.7 No-Shows: It is recommended that you establish a Cancellation/No-Show policy. We charge a \$25 fee for either situation. Cancellations must be done before 24 hours of the appointment time. You will need to use your discretion when charging the fee. If it is a regular client, you might want to just remind the client of the policy and not charge them. If a client No-Shows and the appointment is Monday-Thursday, they get (1) No-Show warning and then they are charged for the second No-Show. On Friday through Sunday, (because those are heavy business days) they will be charged for the first No-Show. It is very important that the client is informed of the Cancellation/No-Show fee when they make their appointment. Therapists should get at least \$10 of the fee. You will need to enter the \$10 commission for each therapist.

2.3.8 Cancellation List: Millennium can keep a list of people who call wanting an appointment for that day but are unable to schedule because you are booked. If someone cancels, call the people on this list to try to refill the lost appointment.

2.3.9 Cash Handling Procedures: All cash should be kept away from direct sight. Only managers should have access to cash and handling cash. The cash "bank" should be counted before every shift and again at night. If you have several front desk personnel you may want to assign each one their own cash drawer.

2.3.10 Payments: Personal checks are approved with proper identification. Zen can accept all major credit cards. Cash is always acceptable.

2.3.11 Gratuities: Gratuities are a huge part of your Therapist's pay. Although it is ultimately the Therapist's responsibility to manage their money, the front desk can assist in that process. When scheduling an appointment, tell the client to bring cash for their Therapist's gratuity. The front desk can also point out gratuity envelopes when checking out. You can also have a gratuities guideline sheet and some tip envelopes on a table in the massage rooms. The clients appreciate the information and tend to leave a larger gratuity for the Therapist. You can also allow clients to leave a tip on their credit card payment when checking out. See Section 4.2.9 for gratuities guideline.

2.3.12 Treatment Appointment Card: This card allows the Therapists to plan a course of treatment with a recommendation of when and how often the client should return for therapy. Upon check-out the client will give the front desk the treatment card and at that point the front desk can book the next appointment.

This is a great way to create repeat business.

2.3.13 Washer/Dryer/Laundry: It is in the best interest for your business to do laundry in-house. When you are purchasing your washer(s) and dryer(s), keep in mind the volume of laundry you will be doing. We recommend a front loader W/D. A commercial GAS dryer is recommended. Using only the recommended amount of each cleaning product also prolongs the life of the machines. Manufacturers say that over-using product in the new energy saving machines is the single most damaging thing you can do to the equipment. They are designed to be energy and water savers. When you reach 275 to 300 clients per day, you may want to consider looking for a laundry service. It is harder to keep up with laundry when you are doing these numbers.

2.4 Daily Opening Procedures

- Front desk personnel need to arrive at least 45 minutes prior to store opening. Therapists should arrive 30 minutes prior to their first appointment.
- Turn on all the lighting in the lobby and waiting area.
- Turn on the centralized sound system.
- Turn on all water features in the waiting/lobby area.
- Turn on computers.
- Check all bathrooms for adequate supplies. (Toilet paper, soap, hand towels.)
- Make sure the bathrooms are spotless. Wipe up any water spots on the sink, make sure toilet bowl is clean and the floor is spot free.
- Check each massage room to make sure they are neat and clean. Massage table should have a set of sheets, a blanket, and a pillowcase should be draped across the face cradle. Vacuum the floors and turn on lighting. The doors should always be open if the massage room is not in use.
- Start a load of laundry. All staff should help with washing and folding the laundry.
- Return to the front desk and look over the day's schedule. You are looking for any unusual things that jump out at you such as a therapist being double booked, wrong massage treatment for a regular client, or the wrong appointment time for a client. After some practice you will be able to spot any discrepancies on the schedule. No one except the front desk personnel should ever be behind the desk at any time.
- Make sure all clients have been called and confirmed.
- If for any reason you have to move, change, or reschedule a client, you must call the client and inform them of the change. This will save you a lot of headaches. It is especially important if you are changing the client to a different gender Therapist.
- Check the Therapists monthly hard copy each day to make sure the Therapist is scheduled to work that day. A hard copy schedule should be given to each Therapist every two weeks. This ensures that you will be able to have schedules in place so you can book Therapists and clients 4 weeks out.
- If a Therapist is scheduled incorrectly try to move the client to another Therapist of the same gender as originally scheduled with. Call the client with any changes.
- Check phone messages. This should be done every 15 minutes throughout

- the day. Call the clients back as soon as possible.
- It is ultimately the Therapist's responsibility to keep up with their schedule; however, it is a good idea to call the Therapists to inform them of any morning appointments you have scheduled for them. This will ensure their timely arrival.
 - Print Therapists' daily schedule (AQ005) for the morning Therapists that are coming in. You can print the afternoon and evening Therapists' 30 minutes before they arrive. Make sure the Therapists have all the information they need in the comments sections of their schedule sheets.
 - On busy days it is best if you assign treatment rooms to the Therapists. This cuts down traffic at the front desk and stream lines the day. Millennium has the ability to do this for you.
 - When the Therapists arrive, they pick up their daily schedule and room assignments and proceed to the room that has been assigned to them. We try to keep the Therapist in the same room for as much of the day as possible. Therapists do not usually like to move around a lot. Once in the room, the Therapists will prepare the room. If you choose to provide the Aromatherapy oils, you can purchase them at Massage Warehouse or online. Make sure they are 100 % pure; otherwise, it is possible to burn the skin of the client if not careful.
For the cash bank be sure to have at least \$300 in change in \$1s, \$5s, \$10s, and at least 1 roll of nickels.

2.5 Client Procedures

2.5.1 Checking Clients In: Once the clients start to arrive, it is the policy of Zen to verbally greet each client as they step foot in the door. Even if you have to ask them to wait a moment, it is better to acknowledge them than to ignore them. Have one front desk personnel continue to answer the phone during this busy time and the other one or two staff check clients in and out.

Ask the clients if this is their first visit. If it is not, offer them water and ask them to have a seat in the waiting area. Let them know their Therapist will be right with them. If it is their first visit, ask them to please fill out the client intake form (see Operations Manual) and have a seat in the waiting area. After the client fills out the form, they will bring it back to the front desk. Tell the client "Thank You" and that their Therapist will be with them shortly. We usually always refer them to the Restroom as well. Offering a pre-pay to the client is also a great way to cut down on traffic at the desk. Remove the intake form from the clipboard and leave it at the desk for the Therapist to look over. This intake form is very important to the client's wellness and helps the Therapist decide a course of treatment.

2.5.2 Massage Therapy Procedure: Two to Three minutes before the hour the Therapist looks at the intake form, signs the form and then goes to the waiting room to call the client's name.

The Therapist introduces themselves to the client and shakes their hand, then asks the client to "come with me". The Therapist takes the client to the room.

Once in the room and ONLY IN THE ROOM with the door closed, the Therapist asks the client about any medical concerns they saw on the intake form. They also ask the client if there are any areas on their body that needs special attention. This is never to be discussed in any common area of the building.

The Therapist will instruct the client to undress and lay face down on the massage table. The Therapist will leave the room and return in 3 to 5 minutes (it may take older clients longer to undress). The Therapist will knock on the door and the client will inform them if they are ready for them to enter. If the client is ready the Therapist will enter and begin the treatment. The Therapist should ask the client if the pressure is okay throughout the massage.

After the massage time period is up, the Therapist will ask the client how they feel and inform the client that the treatment is over and that they are leaving the room so the client can dress.

The Therapist will then go to the front desk and place a cup/bottle of water with a treatment card that has been filled out. The treatment card is a great help to the client because it gives a course of action, like what to do after a massage as well as what not to do. It also gives other guidelines so the client can get the most benefit from the massage. The card also gives the suggested return date so the client can re-book. Please make any relevant notes in Millennium that pertain to each client.

2.5.3 Checking Clients Out:

- When the client comes to the desk, ask the client "how do you feel?". Then pick up the treatment card and say "your Therapist would like to see you in 1, 2, or 3 weeks" (whatever is circled on the card). Then ask "would you like to go ahead and book your next appointment?"
- Collect payment from the client and POST in Millennium. See if the client would like to add a tip to the payment.
- Wish the client a great day and that you look forward to their next visit.
- During down times, call the clients and ask how their Zen experience was and try to re-book them at that time. Also laundry, laundry, laundry! There is always work to do!

2.5.4 Client Feedback: Clients have good suggestions and feedback about the Massage Location. Always listen with an open mind, and be grateful for the input. Thank them and tell them we will certainly consider their suggestions. Please make any relevant notes in Millennium that pertain to each client.

2.5.5 Client Complaints: Client complaints can be tricky. Always listen without interrupting. If a client seems unreasonable in their request or complaint, it is important to let them know that we will not allow the disruption in the building. Always let a manager handle the situation. Sometimes clients can't be satisfied and you may have to ask them to leave. An extremely

negative or unreasonable client is not a client Zen wants anyway. Do your best to try to always be polite and positive. Be sure to make a note in Millennium, no matter how small the complaint may seem.

2.5.6 Client Complaint Policy: Every situation is different. Small problems can be handled with ease, but larger problems may require a little more work. Depending upon the situation you may offer a \$5.00 discount, free Aromatherapy, upgrade to Deep Tissue, etc. Sometimes a free massage may be offered. Contact Zen MassageFranchising, Inc. with any questions you may have.

2.6 Daily Closing Procedure

- At the end of the day and at shift change, make sure all the paperwork balances (Credit Card, Cash, and Gift Certificates). When closing, refer to your closing checklist and make sure you batch out the Credit Card machine.
- Make sure all clients have been confirmed for the next day.
- Run reports MR 55 and MR 110 and enclose with the paperwork and Check Numbers.
- All paperwork should be put in the safe or packaged and taken directly to the bank.

2.7 Gift Certificates

Gift Certificates are a big part of your cash flow throughout the year and especially during the holidays. Zen GC's are affordable and a very nice and thoughtful gift. You can buy orange envelopes online or at any local stationary store. Always include an appointment card in the envelope so the client can write down the appointment time when they make the appointment. Millennium will keep track of all GC's sold and redeemed. It will also print out reports of all gift certificate transactions (sold or redeemed).

2.7.1 Lost Gift Certificates: If a client loses a Gift Certificate, it is up to the franchisee as to whether you want to accept them. It is good business practice to accept them at any time. This creates positive word-of-mouth and public image. You can look up in Millennium their information to verify the GC and record it being used.

2.7.2 Issuing Gift Certificates: Before selling your Gift Certificates, go through them to verify all the numbers are in order and not missing. Millennium Software will keep track of all the Gift Certificates sold.

2.7.3 Redeeming Gift Certificates: When a client uses a Gift Certificate to pay for their massage, enter it into the check-out screen.

2.7.4 Gift Certificate Packages: We consider offering packages like:

Buy 1 Get 1 Free
Buy 3 Get 1 Free

2.8 Inventory Management

Enough products should be kept on hand to prevent running out of essential items. Check your supply of inventory at least once a week to prevent an unwanted surprise.

2.8.1 Inventory for Clients: This includes toilet paper, Kleenex, hand soap, sheets (replace sheets that have become worn or stained with massage oils), etc.

2.8.2 Inventory for Therapists: This includes massage lotion, olive oil or massage oil and aromatherapy oils.

2.8.3 Inventory for Location: This includes laundry detergent, dryer sheets, dish soap, sponges, hand towels, light bulbs, etc.

2.8.4 Inventory for Front Desk: This includes business cards, pencils/pens, computer paper, printer toner, Zen menu cards, gift certificates, gift certificate envelopes, notepads, tip envelopes, etc.

2.9 Required Cleaning and Maintenance

2.9.1 Daily Cleaning and Maintenance: Keeping your Zen Location clean is vital to our reputation. Because we use oils and lotions, it is important that the tables and floors in each room be cleaned. A mild disinfectant or rubbing alcohol works well in keeping oil off of the tables. Rooms should be swept and/or vacuumed each night and floors cleaned when necessary. Reception areas must be kept clean at all times. You only have one chance to make a good first impression.

2.9.2 Weekly Cleaning and Maintenance: Hiring a reliable cleaning service is strongly recommended. Make sure they pay attention to details such as baseboards, pictures, and bookcases etc. Remember clients will be staring at the floor and ceiling so make sure they both are kept clean. All massage table covers and fleece pads need to be washed at least weekly and more often if soiled.

2.9.3 Safety Procedures: When dealing with the public, it is always important to make sure public areas are kept clutter free. Always make sure that floors and any public areas are free from anything that a client might trip on. A fully stocked First Aid Kit should always be kept on hand, in case of emergencies.

SECTION 3: PERSONNEL

3.1 Introduction

Finding and hiring the right team is single handedly the most important thing you can do to establish and achieve a successful Zen Massage® location. Everyone from the managers who must set the attitude and tone of the location to the

Therapists, who build a long lasting rapport with the clients, is an important part of a successful Zen.

3.2 Morale/Motivation

3.2.1 Factors of Good Morale: A good attitude is contagious; everyone is responsible to help build good morale with their own positive attitude. We are a team. As the Franchisee and business owner, you will set the tone for your location. Make sure your managers understand how important their attitude is. The Massage Therapists will respond to how you and the managers are acting. Clients will talk about and continue to go to a location that makes them feel good, where they feel welcome and that the staff truly cares about them.

3.2.2 Signs of Bad Morale: One person's bad attitude can bring down the whole staff.

Anyone who is always in a bad mood, or thinks they are a victim, will always lower the morale.

3.2.3 Improving Morale and Motivation: You will be taught several ways to improve morale. Just remember it always starts with you as the boss/leader. Blaming someone else is a waste of time and energy. Communication is key. If one of your staff is having issues, talk to them about how they are affecting the rest of the staff as well as the clients they work on. Explain how they are on stage at work and they need to leave their problems at home. Give them a chance to change their attitude. If they refuse to change, then it is in your best interest to let them go. You may lose a few massages up front, but it will come back to you twofold with a happy staff who continues to attract repeat clientele.

3.3 Summary of Good Management Practices

The Franchisee should develop a healthy, happy workplace. The workplace should be safe and comfortable for all staff members. This means that you cannot tolerate any kind of discrimination or a general lack of respect of anyone on your staff. It is extremely important that your staff feel that they can address these issues with you, whether the problem comes from other staff members or from clients. In situations where therapists are uncomfortable working with a particular client, it is your responsibility to support the therapist, especially given the nature of massage therapy.

3.4 Staff vs. Independent Contractor

We suggest you hire your massage therapists as Independent Contractors rather than staff. It is recommended that you discuss this decision with your accountant. In order to hire massage therapists as Independent Contractors there are certain requirements as documented by the IRS for tax purposes. Some of these requirements are that the Therapists are able to have another job(s), they tell you when they can work rather than you give them a work schedule, you do not tell them how to specifically perform the massage, etc. Please refer to www.irs.gov for detailed information. Do not hire some Massage Therapists as Independent

Contractors and some as staff. We recommend you hire all of them as Independent Contractors with their own business license.

3.4.1 Paying Independent Contractors: One benefit to you with Independent Contractors is that they are responsible for paying their own taxes. Their weekly paycheck is the full amount and when they receive their 1099 at the end of the year, they are responsible for paying their taxes. You are required to give them a 1099 every year.

3.4.2 Paying Staff: Typically your management will be classified as staff since they work when you tell them to and do what you ask them to. We recommend hiring a payroll company to pay your staff every week and take out the required taxes.

3.5 Recruiting Independent Contractors and Staff

3.5.1 Sources of Independent Contractors and Staff

Massage Therapists: The best sources for massage therapist candidates are local massage schools, word-of-mouth through other wellness-oriented practitioners, and job advertisements. It is a requirement that massage therapists be actively licensed in the state in which they are practicing. To find local accredited massage schools, go to the website for the National Certification Board for Therapeutic Massage and Bodywork (www.ncbtmb.com), as well as the website for the applicable State certification board, which can be found through an Internet search.

Managers and Receptionists: The best sources for Managers and Receptionists are local colleges/universities, business schools, career-fairs, word-of-mouth, and job advertisements.

3.5.2 Job Advertisements: Consider the local newspaper, local wellness-oriented magazines, websites, and other publications. Hanging a "Hiring Now" sign outside the establishment should be a last resort. Also, consider posting fliers at local health food stores and in wellness-oriented practitioner's offices. For the Manager and Receptionist positions, you can hang fliers up at local universities, or post a listing through their student career services office. Make sure the advertisements clearly state the job requirements, appropriate equal opportunity language, a start date, all appropriate Zen contact information, and instructions on how to contact you.

3.6 Interviewing Job Applicants:

3.6.1 Preparing for Interviews: Be professional but make the candidate feel comfortable. Make sure you've read the resume thoroughly before you meet the job candidate. The interview should be conducted in a quiet, fairly private space. If your business is already up and running, you should schedule your interviews during an off-peak time, such as the middle of the day, or during lunchtime.

3.6.2 Conducting Successful Interviews: Generally, you want to follow these guidelines:

- Have the candidate's application or resume with you during the interview.
- Know the qualifications, schedule, wages and duties of the position you want to fill.
- Give the applicant enough time to respond to your questions, don't dominate the interview.
- Be candid about the drawbacks of the job. If the person must stay late or have to do laundry, the candidate must know in advance instead of being surprised after he or she is hired.
- Explain why your business would be a good place to work (When interviewing Massage Therapists, make sure you explain the benefits of being an Independent Contractor versus an staff). Refer to Section 4.2.1 for a list of benefits.
- Remember to ask open-ended questions such as, "Is there anything else I should know about you that we haven't already discussed?" This will give the candidate a chance to tell you about his or her scholarship, personal interests that are relevant to the job, or knowledge about your business.

3.6.3 Questions to Avoid: Avoid discussing more personal matters, such as marital status, age, possible disabilities, ethnicity, and other matters that may violate Equal Employment laws.

3.7 Resumes

All prospective job candidates should submit a resume. An in-person interview is imperative as the perfect person for a position may have little experience in the wellness field. We strongly suggest hiring people based on a positive attitude and willingness to do what needs to be done without being micro-managed.

3.7.1 Confidentiality of Resumes: It is imperative that you treat resumes with the utmost confidentiality. Since the passing of the privacy laws, any information that is revealed on a resume must remain confidential and cannot be discussed with anyone.

3.7.2 References: Each resume should include a list of references. You should contact the references to verify the integrity of the applicant. If the references do not accurately reflect the picture the applicant has painted of themselves then it is wise to not hire that applicant.

3.8 Responsibilities and Job Descriptions

Each position has a job description and the Franchisee should follow the job description when interviewing the potential staff. This will allow the Franchisee to discover whether the prospective candidate has the necessary skills to perform

most of the tasks successfully. Always go over the Job Responsibilities with the person you have hired. It helps to have them sign it. You can give them a copy.

Job Descriptions and Responsibilities for critical positions are listed below. Please alter these Descriptions to fit your location.

General Manager:

- *Schedule Appointments:* Maximize Schedule.
- Hire and fire massage therapists and front desk personnel.
- Manage massage therapists' schedule.
- Purchase and manage supplies.
- Schedule front desk personnel.
- Oversee payroll.
- Handle client complaints.
- Trains massage therapists and front desk personnel.
- Maintain Location cleanliness and quality standards.
- Track marketing effectiveness.
- Send required reports to ZMFI.
- Conduct massage therapist and front desk personnel reviews.

Front Desk Personnel:

- Schedule Appointments: Maximize Schedule.
- Verify and print massage therapists' daily schedules.
- Inform massage therapists of schedule changes.
- Follow customer service procedures.
- Maintain Location cleanliness and quality standards.
- Laundry.
- Check bathrooms throughout shift for necessary supplies.

Bookkeeper/Accountant: We recommend that the franchisees do their own bookkeeping for quality control and to save money. If you choose to hire someone else for this position, find a person who has experience performing this type of bookkeeping and who is trustworthy. We suggest you count the cash and give that number to the bookkeeper rather than let them handle the cash directly. We also highly recommend you sign your own checks rather than let someone else sign them.

Payroll Company: We recommend you hire a company to pay your staff and take out the required taxes.

Massage Therapist:

- PROFESSIONALISM
 - Be professional and courteous to clients and each other.
 - Arrive at least 30 minutes before your first appointment.
 - *Call in to find out your schedule for the day.*
 - *Leave your personal problems at home. If you are having a work related problem talk with the managers or Franchise owner ONLY. Please do not bring a bad attitude to Zen and your co-workers.*

- MASSAGE ROOM
 - Keep the room you use clean.
 - Before Your Shift Begins:
 - Vacuum your room (use quiet Bissell vacuum)
 - Stock your room with enough sheets for your shift
 - Getting clean sheets between each massage is distracting to clients and unprofessional.
 - Adjust the lighting and music.
 - At the End of Your Shift:
 - Put new sheets on table
 - Clean room (turn lights off, heating blanket off, fan off)
 - Take all dirty sheets to laundry.
 - Wash your plates, glasses and clean up all of your things/food in kitchen
 - **Couples Rooms** - BOTH therapists are responsible for getting the room ready and cleaning the room at the end.

- CLIENTS
 - At the end of a massage, wash your hands and get your client a glass of water and wait for them to come out of the massage room. Give them their water and thank them for coming in.
 - *MAKE SURE THE MANAGER ON DUTY CHARGES YOUR CLIENT FOR THE MASSAGE YOU GAVE SO YOU WILL GET PAID ACCORDINGLY.*

- TALKING
 - Please be quiet at all times – be aware of clients in reception area or someone on the phone scheduling appointments.
 - Do NOT hang out in reception area – you can hang out in your room or in the lounge.
 - Do NOT talk during massages unless your client engages you in conversation.

- HYGIENE & APPEARANCE
 - Wear shoes at ALL times.
 - Be aware of body odor – reapply deodorant if necessary.
 - Be aware of bad breath (*No smoking at Zen or while on duty*)
 - No tight clothing. No shorts and skirts above the knee, No Jeans, No Flip Flops.

- TIME OFF and TIME ON
 - You must give 2 weeks' notice to take any amount of time off.
 - You must apply for it by filling out the time off sheet at the front desk
 - It must be approved by a Manager
 - It is unacceptable to call and say you can't come in (unless you have a very valid and unavoidable reason/emergency)

- MASSAGE THERAPIST REVIEW

- Each massage therapist will have a Review with a manager at least every 6 months, or as deemed necessary.
- FAILURE TO COMPLY
 - Failure to comply with the above policies will result in one or more of the following:
 - You will lose massages – other therapists will be scheduled before you.
 - You will lose days on the schedule.
 - You will lose your job.

3.9 **Personnel Policies**

3.9.1 Introduction: Policies have been created for personnel working in the Zen locations. Please refer to Section 4.2.8, Staff Handbook example. However, each location may discover that some policies need to be created that are unique to their area. These policies should be discussed with each Independent Contractor and staff during hiring, and they are required to acknowledge that they understand and intend to comply with these policies by signing the Acknowledgement of Policies and Procedures form found in the back of the Staff Handbook. The Franchisee is required to post any new policies in an area that is accessible to all staff.

3.9.2 Communicating Work Rules: Communicating work rules to your staff is extremely important. There should be a mandatory staff meeting no less than every two (2) months, in which such policies are discussed.

3.9.3 Arrival Policy: Our clients are relying on us for their wellness. Inconveniencing the clients due to late or absent Massage Therapists or Managers is unacceptable. Those who continually run late or do not show up at all should be terminated.

3.9.4 Holiday/Vacation Policy:

Massage Therapists: We recommend only allowing 2 massage therapists off on a Friday, Saturday or Sunday. The weekends are the busiest times, so the therapists need to work. Create a “Weekend Off” sheet with all the weekend dates listed and only 2 sign-up spots per weekend day. Enforce this policy from day 1 since it will be very difficult to change this policy if the therapists get used to having off whenever they want. Require at least a 2 week notice for time off on Monday – Thursday.

Managers: Require at least a two (2) week notice in writing. This must be approved by a senior manager or owner.

Holidays: Zen is closed on the following holidays: Christmas Day, Thanksgiving, and New Year’s Day. Other holidays are typically very busy since the public has the time to get a massage.

3.9.5 Sexual Harassment Policy: Zen Massage® has a no tolerance policy for sexual harassment. If a Massage Therapist or Manager is sexually harassing another, this is grounds for immediate termination. If a client harasses a therapist, a Manager must tell that client to leave immediately and never come back. The safety of the staff is the most important goal.

3.9.6 Smoking Policy: Zen is a wellness location. Smoking on Zen grounds is prohibited. If you are a smoker make sure you wash your hands and that your clothes do not smell of smoke.

3.10 Training Your Staff: Training will be the Franchisee's responsibility.

3.10.1 Manager: We recommend at least 4-8 hours of hands-on training.

3.10.2 Massage Therapists: You may want them to give you a 30min massage so you will be able to refer them to clients based on their specific massage technique or style. On their first day, have the therapist arrive 30minutes to 1 hour before their first massage so you can show them around the Location. Refer to Section 4.2.2 Massage Therapist New Hire Checklist.

3.11 New Hire Paperwork

3.11.1 Manager: Hire as an employee with all required taxes taken out of their paycheck. State and federal tax and withholding forms will need to be completed.

3.11.2 Massage Therapists: Hire as independent contractors.

Regardless of the status, there is standard paperwork that must be completed for each position, including the Acknowledgement of Policies and Procedures, the Staff Confidentiality Agreement, and the Non-Compete Agreement, all of which can be found in Section 4.2.1 and 4.2.8. We recommend keeping all of these records off-site since this is confidential information.

3.12 Scheduling

3.12.1 Front Desk Staff: Front desk staff should be scheduled to work at least one month out.

3.12.2 Scheduling Therapists: It is recommended that you hire a minimum of 4 to 8 Massage Therapists for your opening. Make sure you have enough coverage for each shift as it demands. Make sure the Therapist is aware of the exact times you will be scheduling them. Some independent contractors think they should be able to work whenever they want, which is not the case. It is very important that the Therapists understand which shift they are being hired to work. We usually give the Therapists a 2 day trial period to make sure it is a fit for both you and them. If it does work out, schedule Therapists 4 to 5 weeks out. We always book the Therapists by seniority. Give a "hard copy" schedule to each Therapist every 2 weeks. Refer to section 4.2.1 for the Massage Therapist form. The only exception is if a Therapist works three (3) weekend days a month. They get priority booking throughout the week. This insures that you have enough coverage throughout the week days.

3.12.3 Time Off: Set a precedent and only allow 2 or 3 Therapists to be scheduled off on any given weekend day. Put a sign-up sheet in the Therapists' lounge. Weekend days off should be on a first-come first-serve basis. If a Therapist needs more than 2 days off, a request should be submitted in writing. Hiring a Therapist for front desk P/T work is a great idea. If there is a scheduling mishap you then have a Therapist who can perform the massage, providing there are enough front desk people working.

3.13 Paying Your Staff:

We recommend paying your staff on a weekly basis on a specific day. The Massage Therapists are paid based on the amount and type of massages performed. Every week print out the Staff Payroll Report for each therapist. This report will give you a total amount to pay your therapist for that week. Double check the hourly rate amount on each therapist's report (how much the therapist is paid for each massage) since sometimes the commission amount is entered incorrectly.

3.13.1 Wages: Manager: Recommended wages for beginning managers is \$12/hour, with a raise to \$14/hour after a determined period of time or after having proven their productivity or accomplishing a specified goal. This is at the Franchisee's discretion.

Assistant Manager: Recommended wages for Receptionists is \$8 - \$10/hour.

3.13.2 Minimum Wage: Each staff and Independent Contractor should earn at least the current Minimum Wage on a per hour basis as declared by the U.S. Government.

3.13.3 Benefits: It is up to the Franchisee to decide to offer insurance benefits to its staff. Insurance is optional however, it is a great incentive. Insurance options will vary based on staff count and staff or independent contractor status. We recommend that you contact local insurance agents in your area to learn about insurance options and receive quotes.

3.13.4 Incentives: It is at the discretion of the Franchisee to provide Massage Therapists with incentives, such as more pay for:

- Repeated, rebooked, or requests from clients (ex. \$0.50 per request)
- Completing a certain number of massages in a week, month, etc.
- Being employed for a certain period of time (ex. \$50 towards Massage Therapist Credit Hours after having been with the company for 6 months.)
- Always being positive and going the extra mile (ex. A gift certificate to a restaurant.)

3.14 Staff Evaluations

Evaluating your staff is important to ensure consistent and quality performance and most importantly, customer service. You can establish 6-month formal

evaluation periods to recap their performance. We have also found that informal evaluations conducted when you see a performance or compliance problem, is highly effective in maintaining a company standard. It is a lot more useful when you point out a problem immediately rather than wait when the staff member may not recall the issue. Please refer to Section 4.2.5 and 4.2.6 for sample Manager and Massage Therapist Evaluation Reports.

3.15 Resignation/Termination

Despite your best efforts to hire, train and support a top-notch staff, there will be some that will resign and some that must be terminated. It is important that you handle this professionally and fairly because word will spread fast on how you treat Massage Therapists who resign or are let go.

3.15.1 Resignation: If someone feels they need to move on then wish them the best. It is important that you express support for their decision; assure them that you will provide accurate references, and that they are welcome back at Zen anytime (if they leave on good terms). Following resignation, have that person sign the Employment Termination/Resignation form found in Section 4.2.7. This should be retained in their personnel folder.

3.15.2 Termination: Few are terminated for being incompetent. Most are terminated for problems with their attitude. They may cause morale problems among the staff or they may be chronically late. However, it is customary to give warnings prior to termination. The Manager should discuss the problem and allow them sufficient time to correct the problem. All such discussions should be documented and kept in their personnel folder. Termination should be done tactfully, because your remaining staff will know what happened and the firing will reflect on your abilities as a leader. It is also important to have another Manager witness the termination conversation in order to avoid any future disagreements.

3.16 Getting Legal Help with Employment Law Issues

3.16.1 EEOC: Although you are part of a franchising system, you are responsible for what happens in your own business. Therefore, you must follow all national, state, and local regulations. Regarding employment, you'll need to follow the federal statutes enforced by the U.S. Equal Employment Opportunity Commission (EEOC). You'll need to understand this in detail, but the major items are as follows:

1. A prohibition on employment discrimination on the basis of race, color, religion, gender, pregnancy, medical conditions, or national origin. Harassment based on these elements is forbidden as well.
2. A prohibition on employment discrimination based on age; this applies to businesses with 20 or more staff including part-time and temporary ones, and also employment agencies
3. A prohibition on employment discrimination based on disability; this applies to businesses with 15 or more workers, including part-

time and temporary ones.

4. A requirement to offer equal pay for equal work, regardless of gender.
5. A prohibition on employing those who are not legally authorized to work in the United States. It's the employer's responsibility to verify the eligibility of all prospective staff.

More information is available at <http://www.eeoc.gov> or any of the agency's 50 field offices throughout the United States. In addition, become familiar with any state or local regulations that affect employment. You especially must be familiar with and comply with federal and state minimum wage laws.

3.16.2 Non-Compete/Non-Disclosure Agreement: The Franchisee is also responsible for making sure the Non-Compete/Non-Disclosure Agreement found in Section 4 is in compliance with your state's laws. Employment law changes from state to state. Zen Massage Franchising, Inc. can recommend a national law firm. You must make sure this contract is legal in your state before you hire anyone. This Agreement protects you from future lawsuits so it is critical for your business. Have both staff and Independent Contractors sign this Agreement and keep off-site.

4.1 PHONE SCRIPTS

4.1.1 Phone Script for Voicemail

Thank you for calling Zen Massage® _____ (your location). Your call is very important to us so please leave your name and number and we will return your call as soon as possible. You can also visit us at www.ZenMassageUSA.com. Thank you for calling and have a great day.

4.1.2 PHONE SCRIPT FOR SCHEDULING AN APPOINTMENT

Good (morning, afternoon, evening).

Thank you for calling Zen Massage® _____ (location)

My name is _____. How can I help you?

BOOKING THE APPOINTMENT:

Have you been with us before?

Could you please spell your last name? (Returning client)

Could you please spell your first name?

What day and time would you like to book your appointment?

Do you prefer a Male or Female Therapist?

What type of massage would you like?

Could you please give me a good contact number, preferably a cell phone?

How did you hear about us?

We do require a major Credit Card with an expiration date or a Gift Certificate IN ORDER TO CONFIRM YOUR APPOINTMENT.

Ok _____ (Mr., Ms., Mrs.), I have you scheduled for (Day, Date, Time).

NEW CLIENT:

Please show up at least 15 minutes before your appointment in order to fill out some paperwork for your therapist.

ALL CLIENTS:

We do have a 24 hour cancelation policy. If for any reason you cancel or fail to show up for your appointment, you could be subject to a \$25 cancelation fee.

OTHER CLIENT SUGGESTIONS:

Would you care to up-grade to an hour and a half for only a few dollars more?

Would you care to add aroma therapy to your session?

Tell client about any special features or specials we are having.

Do you need directions?

4.1.3 DETAILED DESCRIPTION OF MESSAGES

Zen Swedish Massage

Swedish Massage promotes general relaxation, nourishes skin, improves circulation, removes metabolic waste products, increases range of motion, and relieves muscle tension. Swedish Massage is soothing, gentle, thorough, and nurturing. It can help reduce emotional and physical stress and is often recommended as part of a regular program for stress management.

Deep Tissue Massage

Deep Tissue Massage releases chronic tension through slow, deliberate strokes of deep pressure on contracted muscles, tendons, and fascia. It provides relief for chronic tension and acute muscle spasms. Your Massage Therapist will ask you how much pressure to apply before and during the massage.

Sports Massage

(Pre and Post Event)

Sports Massage is a form of massage which utilizes specific strokes and stretches to help obtain maximum performance and physical conditioning with less chance of injury or pain. It helps to obtain maximum conditioning by increasing power, endurance and flexibility both before and after an event or work out. It is common (as a result of massage sessions) for performance levels to increase by 20%.

Neuromuscular Therapy

NMT is a comprehensive program of soft tissue manipulation that helps to correct postural imbalances as well as muscular imbalances. The goal is to relieve the pain and dysfunction by alleviating the underlying cause. NMT emphasizes the role of the brain, spine, and nerves in muscular pain. It uses advanced concepts in pressure therapy to break the stress-tension-pain cycle. It aims to relax muscles and release compressed nerves so that circulation can increase and the body will return to normal neuromuscular integrity and balance.

Pregnancy Massage (Pre and Postpartum)

Pregnancy Massage is a great way to relieve the stresses that result from the rapid and profound physical as well as mental changes that occur during pregnancy. Pregnancy massage is designed to relieve aches in the back, neck, hips, legs and weight bearing joints. It enhances range of movement and circulation, reducing problems associated with swelling, including varicose veins and cramps. Postpartum massage helps restore the body to pre-pregnancy conditions and helps nurture the new Mom.

Focus Massage

Our Signature Focus Massage is great for those who have limited time or hold all their stress in specific areas. You can customize this massage in order to maximize your time and health benefits.

Hot Stone Massage

This penetrating heat massage uses hot stones which allows for a deeper relaxation of the muscles compared to a regular massage.

Couples Massage

Share the experience of massage with your loved one or friend. You and your loved one/friend will receive a massage at the same time in the same room with two of our professional massage therapists. Surprise your loved one/friend on their birthday, anniversary or special occasion.

Facials

Zen Facial is an all-inclusive facial that is tailored to your skin type and includes; cleansing, exfoliation, extraction (when needed), mask and moisturizing. Age Smart, mediBac Clearing and ChromaWhite TRx products from Dermalogica® are incorporated to produce a facial that is designed just for you. Mini-Facial is a 30-minute facial that includes; cleansing, exfoliation and moisturizing. MicroZone is a 20-minute zone targeted treatment solution that addresses a specific need such as; break outs, tired eyes, dull skin or an overly dry area. Dermalogica® products are the only approved products for Facials.

4.2 Contract and Forms

4.2.1 MESSAGE THERAPIST NEW HIRE PACKAGE

BENEFITS OF BEING AN INDEPENDENT CONTRACTOR VS. AN EMPLOYEE

(Example only)

Benefits of Working at Zen

- We sign a contract with you as an *Independent Contractor*, whereas most Centers only hire *employees* who get paid the same whether you do a Swedish or a Deep Tissue Massage. At Zen, the more challenging the massage, the more you get paid.
- We understand you can only physically do so many massages daily before it hurts your body, that is why at Zen, you help to determine your schedule.
- Zen Therapists make on average (includes tips): \$26/hour for a 1 hour Swedish Massage and \$32 for a 1 Hour Deep Tissue, NMT, Sports and Pregnancy Massage Therapies.
- We let you have your own business.
- Zen is a family-run business. We pride ourselves in treating you like you are family. Our philosophy is positive and nurturing.

Relieves Some of the Stress of Owning your own Business

- Monthly rent is covered.
- Utilities, and all of your supplies, are provided.
- In order to get clients you do not have to pay for advertising.
- No driving to someone's house, which saves you time, money and it is safer.
- No minimum number of massages a day just to cover your bills and starting costs.

Being an Independent Contractor:

- *A Massage Therapist who is an Independent Contractor* truly owns their own business. You set yourself up as a business by

going to the city Business License Office and for a fee and register yourself as a Sole Proprietorship.

- *Benefits of Being an Independent Contractor may include:*
- Tax Benefits: You are now considered a Business so you may receive tax write-offs. Your accountant can let you know everything that is tax deductible.
- Work Benefits: You help set your own schedule.

(Example only)

INDEPENDENT CONTRACTOR AGREEMENT

THIS INDEPENDENT CONTRACTOR AGREEMENT (the “Agreement”) is made and entered into this the ____ day of _____, 20____, between **ZEN MESSAGE®**, a North Carolina Corporation (“the Company”), and _____ (“the Contractor”).

1. Intent of Independent Contractor Relationship.

(a) The parties intend that the relationship created by this Agreement shall be that of recipient of services (the Company) and independent contractor (the Contractor). In this regard, the Contractor and its employees (if any) shall not be employees, agents, representatives, joint venturers or partners of the Company, and the Contractor shall retain the exclusive right to control and direct all details of its activities.

(b) For all purposes, including but not limited to the Federal Insurance Contributions Act (“FICA”), the Social Security Act, the Federal Unemployment Tax Act (“FUTA”), federal and state income tax withholding requirements, and all other state and federal local laws, rules and regulations, the Contractor (and its respective employees or agents, if any), shall be treated as an independent contractor(s) and not as an employee(s) with respect to the Company.

2. Term of Agreement, Duties of Contractor and Compensation.

(a) Term. The “Initial Term” of this Agreement shall be for six (6) months from the date of execution. Upon expiration of the Initial Term, this Agreement shall automatically renew for an additional six (6) month “Renewal Term” unless either party gives the other written notice at least thirty (30) days prior to the expiration of the Initial Term of its intention not to renew this Agreement. Following the expiration of the first Renewal Term, this Agreement may renew for a maximum of three (3) additional Renewal Terms, for a total of two (2) years, unless either party gives the other written notice at least thirty (30) days prior to the expiration of the then current Renewal Term of its intention not to renew this Agreement. Nothing herein limits the ability of either the Company or the Contractor to terminate this Agreement pursuant to the provisions of Paragraph 11, below.

(b) Duties. The Company is in the business of providing massage therapy services to its customers through various “Zen Massage® Center” facilities. Contractor is a provider of massage therapy services. Contractor shall provide massage therapy services to the Company and its customers at the Company’s facility on an as needed basis. Provided that the Contractor complies at all time with applicable laws, regulations and professional standards for the provision of massage therapy services, Contractor, after consulting with the customer and determining the customer’s goals, preferences and needs, shall control the method and manner of its provision of massage therapy services to each of the Company’s customers. Contractor shall communicate to Company when it is available to provide services to the Company. The Contractor will ask Company via telephone or in person of its need for the Contractor’s services, the type of services needed and the time the services are needed. Upon receipt of such

notification from the Company, the Contractor shall have the option to accept or decline all or part the Company's request for services. Contractor must notify Company within twenty-four (24) hours of its receipt of such notification of its acceptance or declination of all or part the Company's request for services. In order to facilitate the communication necessary hereunder, Contractor agrees to provide the Company with at least two (2) current telephone numbers, regularly monitor its voicemail accounts for messages from Company, and promptly return telephone calls from the Company.

(c) Compensation. Contractor's compensation for services performed hereunder is set forth on the attached **Schedule A**, which is incorporated herein by reference. The parties may amend Schedule A from time to time by signing and dating a new version of Schedule A and attaching it to this Agreement. Whenever a new Schedule A is executed, it shall supersede all prior versions of Schedule A and only the most recent Schedule A shall be valid and binding on the parties.

3. **Tax Reporting and Filing.** The Contractor acknowledges and agrees that it shall be solely responsible for filing all tax returns, tax declarations and tax schedules and for the payment of all taxes required, when due, with respect to any and all compensation earned under this Agreement. The Company will report the amount it pays the Contractor on IRS forms 1099, to the extent required to do so under applicable Internal Revenue code provisions and state or local law. Contractor shall provide Company with a fully completed IRS Form W-9 (and any corresponding state tax forms) providing the Company with its applicable state and federal taxpayer identification number, employer identification number and/or social security number (as the case may be).

4. **Equipment.** The Company shall provide a facility for its customers and the Contractor shall provide services to the Company and its customers in the Company's facility. The Company's facility shall contain massage rooms, furniture and linens for the comfort of the Company's customers. Contractor shall provide and be responsible for maintaining any supplies and equipment that it uses or determines are necessary to perform its services hereunder.

5. **Proprietary and Confidential Information.**

(a) Definition. "Proprietary Information" is all information, tangible or intangible, pertaining in any manner to the business of the Company or its employees, clients, suppliers, or referral sources, which was produced by any employee of the Company in the course of his or her employment or otherwise produced or acquired by on or on behalf of the Company. All Proprietary Information not generally known outside of the Company's organization shall be deemed "Confidential Information." Without limiting the foregoing definition, Proprietary and Confidential Information shall include, but not be limited to, (i) trade secrets, methods and techniques; (ii) information about costs, pricing, profits, markets, sales, customers or clients, customer needs, preferences or histories, and all other information regarding the Company's customers or clients; (iii) business, marketing and strategic plans; and (iv) employee personnel files and compensation information. The term "Proprietary Information" does not include any information generally known in Contractor's trade or profession or information known by or available to the general public through no fault of Contractor.

(b) General Restrictions on Use. During the term of this Agreement and following the termination of this Agreement and/or Contractor's relationship with the

Company, for any reason, the Contractor shall neither, directly or indirectly, use any Proprietary Information nor disclose any Confidential Information to any individual not employed by the Company.

(c) Location and Reproduction. The Contractor shall return to the Company all Proprietary and Confidential Information once its business need for the information ends. The Contractor shall not retain any copies of documents containing Confidential or Proprietary Information without the Company's prior written permission. Upon the expiration or earlier termination of this Agreement, or whenever requested by the Company, the Contractor shall immediately deliver to the Company all such files, records, documents, information and other items in its possession or under its control.

6. Non-Solicitation. In order to avoid disruption of the Company's business, the Contractor agrees that during the terms of the Agreement, it shall not, directly or indirectly:

(a) Solicit any customer of the Company, whether on Contractor's own behalf, on behalf of a competing business, or on behalf of a business or organization wholly unrelated to Contractor's provision of services to the Company and/or the products or services provided by the Company to its customers (i.e., a charitable or religious entity); and

(b) Solicit for employment any person employed by the Company.

For purposes of this Agreement, the terms "customer" and "employee" include businesses and individuals who become customers or employees during the term of this Agreement.

7. Non-Competition. The Company's relationships with its customers are the most valuable assets possessed by the Company. The Company has spent substantial time, money and effort building relationships with its customers and cultivating the goodwill of its customers. In the course of providing services to the Company and its customers pursuant to this Agreement, the Contractor will have the opportunity to develop relationships with the Company's customers. If the Contractor were permitted to use its relationships with the Company's customers to gain a competitive advantage for itself or a competitor of the Company, such competitive advantage would be unfair. Accordingly, Contractor hereby agrees that during the term of this Agreement and for a period of twelve (12) months following the termination of this Agreement and/or Contractor's relationship with the Company for any reason, Contractor will not, directly or indirectly, on Contractor's own behalf or on behalf of any other person or entity, within ten (10) miles of the facility of the Company where Contractor primarily provided services to the Company hereunder, provide massage therapy services to any customer of the Company to whom Contractor provided massage therapy services in the course of providing services to the Company pursuant to this Agreement.

8. No Conflicting Agreements. The Contractor represents that it is free to enter into this Agreement, and that this engagement does not violate the terms of any agreement between the Contractor and any third party.

9. No Exclusive Agreement. The Contractor is expressly free to perform services for other parties while performing services for the Company, provided that Contractor complies with the terms of Paragraphs 5, 6 and 7, above.

10. **Licensure.** Contractor represents, warrants and agrees that it (and its employees, if any) are duly licensed to provide massage therapy services as required by law. Contractor shall ensure that it and all its employees (if any) maintain all required licenses, in good standing, throughout the term of this Agreement. Neither Contractor nor its employees (if any) shall be permitted to perform services hereunder without all licenses required by law and the revocation, cancellation or expiration of any required licenses shall result in the immediate termination of this Agreement.

11. **Termination.** Either the Company or the Contractor may terminate this Agreement at any time and for any reason upon thirty (30) days' written notice. In addition, if the Contractor is convicted of any crime; materially breaches any provision of this Agreement; or engages in any conduct that (in the sole discretion of the Company) is detrimental to the Company's business, reputation or standing in the community, the Company may terminate this Agreement immediately and without prior written notice to the Contractor, and initiate legal action against the Contractor.

12. **Insurance.** The Contractor will carry liability insurance and worker's compensation insurance relative to any service that it performs for the Company. The Contractor shall provide proof of insurance to the Company prior to providing any services hereunder and at such other times as the Company may demand.

13. **Governing Law.** This Agreement shall be governed by the laws of the State of North Carolina without regard to conflict of laws principles. Both Contractor and Company irrevocably consent to the personal jurisdiction of the courts of the State of North Carolina and to venue in the state or federal courts located in Mecklenburg County, North Carolina for any legal action regarding this Agreement or Contractor's provision of services to Company.

14. **Successors and Assigns.** All of the provisions of this Agreement shall be binding upon and inure to the benefit of the parties and their heirs, legal representatives, successors, and assigns.

15. **Assignment.** The Contractor shall not assign any of its rights under this Agreement, or delegate the performance of any of its duties, without the prior written consent of the Company.

16. **Notices.** Any and all notices, demands, or other communications required or desired to be given by any party shall be in writing and shall be personally served, or if deposited in the United States mail, certified or registered, postage prepaid, return receipt requested. If such notice or demand is served personally, notice shall be deemed made at the time of such personal service. If such notice, demand or other communication is given by mail, such notice shall be deemed given five days after deposit in the United States mail addressed to the party to whom such notice, demand or other communication is to be given as follows:

If to the Contractor:
[Name and Address]

If to the Company:
Zen Massage®
P.O. Box 820
Harrisburg, NC 28075

Either party may change its address for purposes of this paragraph by written notice given in the manner provided above.

17. **Modification or Amendment.** No amendment, change or modification of this Agreement or Schedule A shall be valid unless in writing signed by the parties.

18. **Entire Understanding.** This document and the attached Schedule A constitute the entire understanding and agreement of the parties, and any and all prior agreements, understandings, and representations are hereby terminated and canceled in their entirety and are of no further force and effect.

19. **Severability.** If any provision or portion of this Agreement is held to be invalid or unenforceable, then the remainder of this Agreement shall remain in full force and effect.

ZEN MASSAGEFRANCHISING, INC.

[Contractor Name]

By: _____

By: _____

Its: _____

Its: _____

Massage Therapist and Employee Information Sheet
EXAMPLE ONLY

Full Name _____

SS# _____

Cell # _____

Home # _____

Address:

Email: _____

Date of Birth: _____

Emergency Contact Name:

Emergency Contact Phone:

NC Massage License # _____

EXP: _____

Date of Hire:

Liability Insurance Company:

Policy Number: _____

EXP: _____

Application for State Privilege License (Yes) ___ (No) ___

NC Official Receipt #: _____

Dress Code and Conduct Policies

Massage Therapist Conduct

Since Zen is a discount massage concept, we have to go the extra mile to prove to clients that we are an upscale Center. Professionalism and Center cleanliness are extremely important. Please help the managers keep the Center clean and organized.

Arrive no later than 30 minutes before your shift so that you can check your schedule for changes and prepare your massage room. Check your room before the first scheduled massage. Make sure the sheets are tidy on the massage table. Establish room ambiance – check the lighting, music, water feature, temperature, etc.

After the last appointment, make sure clean sheets are on the table and turn off all appliances if you are the last Therapist to use the room.

Massage Therapist Dress Policy

Appropriate office attire is required. Clothes should be clean and neat. Do not wear tight clothing, short shorts or skirts, clothes with holes, hats, or low cut shirts. There are still misperceptions about massage centers, so be aware of how you present yourself to clients.

Massage Therapists are required to wear a Zen T-Shirt with black or khaki pants. If your clothes smell of smoke or are dirty you will be required to purchase a new Zen T-shirt and wear it, or you may be sent home to change in which your appointments will be given to other Therapists until you get back.

No workout, extremely loose fitting, parachute or blue jean pants will be permitted.

Shoes are to be hard sole, no flip flops or dirty tennis shoes.

Be aware of personal hygiene. Make sure your hands are clean, apply deodorant and brush your teeth when necessary. Massage Therapy requires close physical contact, so be aware of your attire and body odors.

Thursday													
Friday													
Saturday													
Sunday													
Monday													
Tuesday													

4.2.2 MASSAGE THERAPIST NEW HIRE CHECKLIST

THERAPIST NEW HIRE CHECKLIST

Before the Therapist is put on the schedule or starts work, you must get the following (NO EXCEPTIONS):

Collect the following paperwork from the Therapist and give to Corporate:

- Independent Contractor Agreement
- W-9
- Employee Information Sheet
- Acknowledgement of Understanding (they must sit in the break room and read the Handbook)

Give to the Therapist to keep:

- Schedule A (pay schedule)
- Dress Code and Conduct Policy
- Benefits of Being an Independent Contractor

Before the Therapist's first shift:

- Give the Therapist the appropriate number of Zen T-Shirts.
- Explain the dress code.
- Make sure the Therapist brings a holster and pump.
- Explain the printed schedule in detail. Explain the proper way to keep up with any additions to the schedule.
- Show the Therapist around the building(s), pointing out break room, Kitchen, and supplies.
- Explain to them that they are to report to work at least 30 min before their first appointment.
- Explain gratuities procedure.

- Explain up-selling procedure during massage. (Ex. For only \$9 more you can get a DT.)
- Explain how to wait for the client outside the room after the massage with a glass of water.
- Expectations on how massage room is to be set-up before the massage (ambiance) and left after use.
- Helping with laundry.
- Collecting gratuities from the manager at the end of shift.
- Where to park.
- Explain the Massage Therapist Non-Compliance Report – when and why it is used.
- Introduce the new Therapist to other employees so as to make them feel at home.

4.2.3 This sheet can be found on the Franchisee section of the website - changes can be made to suite your specific location. (Spanish version also available)

CLIENT INFORMATION SHEET (Example only) Please let the front desk staff know if you are pregnant.

CLIENT INFORMATION

NAME: _____ TODAY'S DATE: _____
 ADDRESS: _____ HEIGHT: _____
 WEIGHT: _____ DOB: _____
 OCCUPATION: _____
 TELEPHONE: _____ EMERGENCY CONTACT: _____
 EMAIL: _____

How did you find out about us? [] Sign in Front Yard [] Zen Website [] Charlotte VIP
 [] Friend/Family: (Name) _____ []
 Other _____

Within the past year, have you been under the routine care of a health provider(s) including chiropractor, physician, alternative practitioner, psychotherapist, etc.? _____ For what?

Name of practitioner: _____

Have you ever had a professional massage?

<p>Please check all conditions that have occurred within the <u>past 3 years</u>:</p> <table border="0"> <tr> <td><input type="checkbox"/> Tuberculosis</td> <td><input type="checkbox"/> Anemia</td> </tr> <tr> <td><input type="checkbox"/> Heart Disease</td> <td><input type="checkbox"/> Overweight</td> </tr> <tr> <td><input type="checkbox"/> High Blood Pressure</td> <td><input type="checkbox"/> Ulcers</td> </tr> <tr> <td><input type="checkbox"/> Nephritis/Kidney Disease</td> <td><input type="checkbox"/> Liver Disorder</td> </tr> <tr> <td><input type="checkbox"/> Hernia or Rupture</td> <td><input type="checkbox"/> Migraines</td> </tr> <tr> <td><input type="checkbox"/> Arthritis or Osteoarthritis</td> <td><input type="checkbox"/> Hypoglycemia</td> </tr> <tr> <td><input type="checkbox"/> Paralysis</td> <td><input type="checkbox"/> Asthma</td> </tr> <tr> <td><input type="checkbox"/> Diabetes</td> <td><input type="checkbox"/> Poliomyelitis</td> </tr> <tr> <td><input type="checkbox"/> Goiter or thyroid problem</td> <td><input type="checkbox"/> Diverticulitis</td> </tr> <tr> <td><input type="checkbox"/> Arteriosclerosis</td> <td><input type="checkbox"/> Cancer</td> </tr> <tr> <td><input type="checkbox"/> Emphysema</td> <td><input type="checkbox"/> Surgery:</td> </tr> <tr> <td><input type="checkbox"/> Severe Depression</td> <td><input type="checkbox"/> Warts</td> </tr> <tr> <td><input type="checkbox"/> Phlebitis or thrombosis</td> <td><input type="checkbox"/> Other:</td> </tr> </table>	<input type="checkbox"/> Tuberculosis	<input type="checkbox"/> Anemia	<input type="checkbox"/> Heart Disease	<input type="checkbox"/> Overweight	<input type="checkbox"/> High Blood Pressure	<input type="checkbox"/> Ulcers	<input type="checkbox"/> Nephritis/Kidney Disease	<input type="checkbox"/> Liver Disorder	<input type="checkbox"/> Hernia or Rupture	<input type="checkbox"/> Migraines	<input type="checkbox"/> Arthritis or Osteoarthritis	<input type="checkbox"/> Hypoglycemia	<input 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<td><input type="checkbox"/> Urinary Disorder</td> </tr> <tr> <td><input type="checkbox"/> Bruise easily</td> <td><input type="checkbox"/> Headaches</td> </tr> <tr> <td><input type="checkbox"/> Menstrual problems</td> <td><input type="checkbox"/> Unusual fatigue</td> </tr> <tr> <td><input type="checkbox"/> Nervousness</td> <td><input type="checkbox"/> Skin Disorder</td> </tr> <tr> <td><input type="checkbox"/> Loss/gain in weight</td> <td><input type="checkbox"/> Abdominal pain</td> </tr> <tr> <td><input type="checkbox"/> Chest pain</td> <td><input type="checkbox"/> Depression</td> </tr> <tr> <td><input type="checkbox"/> Varicose Veins</td> <td><input type="checkbox"/> Dizziness</td> </tr> <tr> <td><input type="checkbox"/> Chronic bronchitis</td> <td><input type="checkbox"/> Eye strain</td> </tr> <tr> <td><input type="checkbox"/> Lack of coordination</td> <td><input type="checkbox"/> AIDS or related virus</td> </tr> <tr> <td><input type="checkbox"/> Herpes II</td> <td><input type="checkbox"/> Seizures/Epilepsy</td> </tr> <tr> <td><input type="checkbox"/> Pregnancy</td> <td><input type="checkbox"/> Other:</td> </tr> <tr> <td><input type="checkbox"/> Cardiac/circulatory problems</td> <td><input type="checkbox"/> Back pain</td> </tr> <tr> <td><input type="checkbox"/> Dull body pains:</td> <td><input type="checkbox"/> Numbness:</td> </tr> <tr> <td><input type="checkbox"/> Sharp/stabbing pains:</td> <td><input type="checkbox"/> Tension/sore muscles</td> </tr> <tr> <td><input type="checkbox"/> Other (ticklish, sensitive to touch, etc.):</td> <td></td> </tr> </table>	<input type="checkbox"/> Allergies	<input type="checkbox"/> Dental Problems	<input type="checkbox"/> Recurring indigestion	<input type="checkbox"/> Head colds	<input type="checkbox"/> Sinus	<input type="checkbox"/> Constipation	<input type="checkbox"/> Loose Bowels	<input type="checkbox"/> Urinary Disorder	<input type="checkbox"/> Bruise easily	<input type="checkbox"/> Headaches	<input 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Please describe any significant bodily injuries that you can remember, and when they happened (accidents, sprains, broken/fractured bones)

Do you currently have any diagnosed conditions? _____

Although these questions may seem extensive, honest answers to these questions will help our therapists give you the best possible massage. Massage is a holistic tool that affects all parts of the body – not just the skin. All information will remain confidential.

Please tell us your goals for this massage session: _____

PLEASE TAKE A MOMENT TO CAREFULLY READ THE FOLLOWING INFORMATION AND SIGN WHERE INDICATED.

If you have a specific medical condition or specific symptoms, massage / bodywork may be contraindicated. A referral from your primary care provider may be required prior to service being provided. I understand that massage / bodywork I receive is provided for the basic purpose of relaxation and relief of muscular tension. If I experience any pain or discomfort during this session, I will immediately inform the therapist so that the pressure and / or strokes may be adjusted to my level of comfort. I further understand that massage / bodywork should not be construed as a substitute for medical examination, diagnosis, or treatment and that I should consult a physician, chiropractor, or other qualified medical specialist for any mental or physical ailment that I am aware of. I understand that massage / bodywork therapists are not qualified to perform spinal or skeletal adjustments, diagnose, prescribe, or treat any physical or mental illness, and that nothing said in the course of the session given should be construed as such. Because massage/bodywork should not be performed under certain medical conditions, I affirm that I have stated all my known medical conditions, and answered all questions honestly. I agree to keep the practitioner updated as to any changes in my medical profile and understand that there shall be no liability on the practitioner's part should I forget to do so. It is also understood that any illicit or sexually suggestive remarks or advances made by me will result in immediate termination of the session, and I will be liable for payment of the scheduled appointment.

Cancellation Policy: Zen has a 24 hour cancellation policy. No shows or cancellations within 24 hours of the scheduled appointment are subject to a \$25 cancellation fee. Should you arrive for your appointment more than 15 minutes past the scheduled appointment time, Zen reserves the right to cancel the massage session and charge a \$25 cancellation fee.

Client Signature _____ Date _____

Therapist Signature/License Number _____ Date _____

Information and Suggestions for the Client

- Modesty and comfort levels vary from person to person. You may choose to wear undergarments or a swimsuit or nothing at all. This is your massage and you should feel as comfortable as possible.
- During your massage, you may want to give your therapist feedback as to pressure (deeper or lighter) or point out painful or ticklish areas of your body.
- Feel free to ask your therapist any questions about their procedure. Your therapist is a highly trained professional and will be happy to make you feel well informed and comfortable.

4.2.4 MINOR RELEASE FORM (Example only)



zen massage[®]

No Contracts • No Membership Fees
close your eyes and count to zen

ZEN MESSAGE[®] MINOR RELEASE FORM

I, _____, (Parent/Guardian) give permission for

_____ (Minor/Client) to receive a massage at the Zen Massage[®]. I fully understand that the client receiving the massage is under the age of 18.

I accept all responsibility for this massage and will not hold the Massage Therapist or Zen Massage[®] liable for any damages, stress, or unsatisfactory work that is done during the massage session.

Parent/Guardian

Date

4.2.5 MANAGER EVALUATION REPORT

Date Evaluated:

Manager and Location:

Required Corrections:

- Center Cleanliness and Organization:**
- Scheduling Appointments:**
- Check-In and Out Clients:**
- Customer Service:**
- Knowledge of Software:**
- Knowledge of Services offered:**
- Financial Transactions:**
- Manager Schedule:**
- Therapist Schedule:**
- Massage Therapist Interaction:**
- Appearance:**
- Laundry:**
- Bathrooms:**
- Massage Rooms:**
- Lighting:**
- Center Temperature:**
- Music in Reception Area & Wind Chimes in Rooms:**
- Other:**

Job Well Done:

Date Corrections Are to be Made By:

Manager

Follow-Up Evaluation (use back if necessary):

4.2.6 MASSAGE THERAPIST NON-COMPLIANCE REPORT

Date:

Massage Therapist and Location:

Non-Compliance Information (please describe in detail):

- * **Late**

- * **Uniform**

- * **Attitude**

- * **Appearance**

- * **Hygiene**

- * **Customer Service**

- * **Parking**

- * **Room**

- * **Other**

Please correct the above by:

Manager

Therapist

Follow-up details:

4.2.7 SEPARATION AGREEMENT AND GENERAL RELEASE-(Example only)

CONFIDENTIAL

Separation Agreement and General Release

Date:

Name:

Address:

I. Background

- A. You were an Independent Contractor ("IC") for the Company. You and the Company have agreed to terminate your Independent Contractor Relationship ("ICR") on an amicable basis.
- B. On _____, your ICR with the Company terminated.

II. Terms of Agreement

In order to effect the termination of your ICR, you and the Company agree as follows:

1. This Agreement shall not be in any way construed as an admission by the Company that it has acted wrongfully with respect to you or any other person, or that you have any rights whatsoever against the Company.
2. In consideration of the promises contained in this Agreement, you agree:
 - a. On behalf of yourself and anyone claiming through you, irrevocably and unconditionally to release, acquit and forever discharge the Company and/or its parent corporation, subsidiaries, divisions, predecessors, successors and assigns, as well as past and present officers, directors, employees, shareholders, trustees, joint venturers, partners, and anyone claiming through them (hereinafter "Releasees" collectively), in individual and/or corporate capacities, from any and all claims, liabilities, promises, actions, damages and the like, known or unknown, which you ever had against any of the Releasees arising out of or relating to your ICR with the Company and/or the termination of your ICR with the Company.
 - b. That you shall not bring any legal action against any of the Releasees for any claim waived and released under this Agreement and that you represent and warrant that no such claim has been filed to date. You further agree that should you bring any type of administrative or legal action arising out of claims waived under this Agreement, you will bear all legal fees and costs, including those of the Releasees.
3. You agree to refer any and all reference checks to the Company and you know that any such references will be limited to confirmation of your dates of ICR and last position held.
4. Immediately, you will return to the Company all of the Company's property in your possession including, but not limited to, customer lists and all customer contact information, mailing lists, account information, massage oils and related products, price lists and pricing information, marketing materials prepared by the Company on your behalf, marketing materials advertising the Company, property keys, and all of the tangible and intangible property belonging to the Company and relating to your ICR with the Company. You further represent and warrant that you have not retained any copies, electronic or otherwise, of such property.
5. You will continue to comply with the terms of the Confidentiality Agreement between you and the Company, executed in conjunction with the beginning of the ICR, and know and understand that the obligations contained in that agreement survive execution of this Agreement and the termination of the ICR. In particular, you shall not disclose any confidential or proprietary information (specifically including business profile, pricing, margins, key customer contacts and their profiles not generally known to the public) which you acquired as an IC of the Company to any other person or entity, or use such information in any manner that is detrimental to the interest of the Company.

6. You agree that you will not make any comments relating to the Company or its employees which are critical, derogatory or which may tend to injure the business of the Company. Additionally, you agree that you will not, in any manner, contact clients or seek the business of clients of the Company, or that you came into contact with through your ICR with the Company.

If you are willing to enter into this Agreement, please signify your acceptance in the space indicated below.

Accepted and agreed to on this _____ day of _____, 20_____.

Independent Contractor signature

4.2.8 EMPLOYEE HANDBOOK (Example only)



Zen Massage® Employee Handbook

Welcome

Welcome to Zen Massage®!

You and Zen Massage® have made an important decision: Zen Massage® has decided you can contribute to our success, and you've decided that Zen Massage® is the place where you can pursue your career productively and enjoyably.

The minute you start working here, you become an integral part of Zen Massage® and its future. Every job in our company is important, and you will play a key role in the continued growth.

As you will quickly discover, our success is based on delivering quality massage therapy and providing unsurpassed customer service. How do we do it? By working very hard, thinking about our clients' needs, and doing whatever it takes to ensure an exceptional experience for every person who walks through our doors. We do it by treating each other and our clients with respect. We do it by acting as a team.

Should you have any questions concerning this handbook or your employment, please feel free to discuss them with your manager.

We wish you abundance and joy!

Introduction

Zen Massage® is a company with a very different business outlook. We believe that providing a loving and supportive environment for both our clients as well as our employees is the best way to succeed in business. Our goal is to help as many people as possible. Our concept is simple: Offer a Resort/Spa quality massage at an affordable rate in a beautiful and comfortable environment. Stress is at an all time high, so we want to be a haven for people, where they leave feeling better than they did, and therefore want to keep coming back again and again.

The word “employee” used throughout this handbook refers to managers, receptionists and massage therapists who work for Zen Massage® regardless of the classification as an employee or an independent contractor for tax purposes.

Confidentiality Agreement

Information that pertains to Zen Massage® business, including all nonpublic information concerning Zen Massage® such as its suppliers, client lists, employee and massage therapist information, is strictly confidential and must not be given to people who are not employed by Zen Massage®.

Please help protect confidential information - which may include, for example, trade secrets, customer lists and company financial information - by taking the following precautionary measures:

- 1 Discuss work matters only with other Zen Massage® employees who have a specific business reason to know or have access to such information.
- 2 Do not discuss work matters in public places.
- 3 Monitor and supervise visitors to Zen Massage® to insure that they do not have access to company information.
- 4 Destroy hard copies of documents containing confidential information that is not filed or archived.
- 5 Secure confidential information in a locked desk drawers and cabinets at the end of every business day.

Your cooperation is particularly important because of our obligation to protect the privacy of our clients, employees and our own confidential information. If at any time you are uncertain as to whether you can divulge information or answer questions, please consult a Zen Massage® manager or call Zen Massage® Corporate at 877-427-1320.

Ethical and Legal Business Practices

Zen Massage® expects the highest standard of ethical conduct and fair dealing from each employee, massage therapist, and all others associated with Zen Massage®. Our reputation is a valuable asset, and we must continually earn the trust, confidence and respect of our clients, employees and our community. This policy provides general guidance on the ethical principles that we all must follow, but no guideline can anticipate all situations. You should also be guided by basic honesty and good judgment, and be sensitive to others perceptions and interpretations.

If you have any questions about this policy, consult your manager. Exceptions to this policy may only be made by Zen Massage® Corporate.

You are expected to promptly disclose to the management of the company anything that may violate this policy. We will not tolerate retaliation or retribution against anyone who brings violations to management's attention.

Complying With Laws and Regulations

All our activities are to be conducted in compliance with the letter and spirit of all laws and regulations. You are charged with the responsibility of understanding the applicable laws, recognizing potential dangers and knowing when to seek legal advice.

Employee Privacy and Other Confidential Information

Zen Massage® collects only personal information about employees that relates to their employment and information about clients that relates to their massage. Only people with a business-related need to know are given access to this information, and Zen Massage® management must authorize any release of the information to others. Personal information, other than that required to verify employment or to satisfy legitimate investigatory or legal requirements, will be released outside the company only with employee approval.

If you have access to any confidential information, including private employee and client information, you are responsible for acting with integrity. Unauthorized disclosure or inappropriate use of confidential information will not be tolerated.

Massage Therapist names and phone numbers are never to be given out to clients.

Account and Customer Information

Employees are prohibited from distributing account, client, and/or customer information to anyone, in any form, except the named account holder, client or customer.

Soliciting Business from Zen Massage® Clients

People who come to Zen Massage® to receive a massage are the clients of Zen Massage®. A Massage Therapist or employee cannot under any circumstance solicit business from a Zen Massage® client. This includes selling a client a product you are representing or offering your massage services outside of Zen Massage®. If you offer your massage services outside of Zen Massage®, this will be considered stealing Zen Massage® property and you will be immediately terminated. While you are employed by Zen Massage®, or if you are terminated or leave on your own terms, it is illegal to take or use any Zen Massage® client information as this is the property of Zen Massage®. Legal action will be taken against you if this occurs.

Compliance

Employees who fail to comply with these policies will be disciplined, which may include a demand for reimbursement of any losses or damages, termination of employment and referral for criminal prosecution. Action appropriate to the circumstances will also be taken against managers or others who fail to report a violation or withhold relevant information concerning a violation of this policy.

Grievances

Employees are encouraged to bring concerns, problems and grievances to management's attention. You are also obligated to report any wrongdoing of which you become aware to your manager or, if the situation warrants, to Zen Massage® corporate at 877-427-1320.

Anti Discrimination & Harassment

Americans with Disabilities Act

It is Zen Massage® policy that we will not discriminate against qualified individuals with disabilities with regard to any aspect of their employment. Zen Massage® is committed to complying with the American with Disabilities Act of 1990 and its related Section 504 of the Rehabilitation Act of 1973. Zen Massage® recognizes that some individuals with disabilities may require accommodations at work. If you are currently disabled or become disabled during your employment, you should contact your manager to discuss reasonable accommodations that may enable you to perform the essential functions of your job.

Equal Opportunity Policy

Zen Massage® provides equal opportunity in all of our employment practices to all qualified employees and applicants without regard to race, color, religion, gender, national origin, age, disability, marital status, military status or any other category protected by federal, state and local laws. This policy applies to all aspects of the employment relationship, including recruitment, hiring, compensation, promotion, transfer, disciplinary action, layoff, return from layoff, training and social, and recreational programs. All such employment decisions will be made without unlawfully discriminating on any prohibited basis.

Policy Prohibiting Harassment and Discrimination

Zen Massage® strives to maintain an environment free from discrimination and harassment, where employees treat each other with respect, dignity and courtesy.

This policy applies to all phases of employment, including but not limited to recruiting, testing, hiring, promoting, demoting, transferring, laying off, terminating, paying, granting benefits and training.

Prohibited Behavior

Zen Massage® does not and will not tolerate any type of harassment of our employees, applicants for employment, or our customers. Discriminatory conduct or conduct characterized as harassment as defined below is prohibited.

The term harassment includes, but is not limited to, slurs, jokes, and other verbal or physical conduct relating to a person's gender, ethnicity, race, color, creed, religion, sexual orientation, national origin, age, disability, marital status, military status or any other protected classification that unreasonably interferes with a person's work performance or creates an intimidating, hostile work environment.

Sexually harassing behavior in particular includes unwelcome conduct such as: sexual advances, requests for sexual favors, offensive touching, or other verbal or physical conduct of a sexual nature. Such conduct may constitute sexual harassment when it:

- 1 Is made as an explicit or implicit condition of employment
- 2 Is used as the basis for employment decisions
- 3 Unreasonably interferes with an individual's work performance, or
- 4 Creates an intimidating, hostile or offensive working environment.

The types of conduct covered by this policy include: demands or subtle pressure for sexual favors accompanied by a promise of favorable job treatment or a threat concerning employment.

Specifically, it includes sexual behavior such as:

- 1 Repeated sexual flirtations, advances or propositions
- 2 Continued and repeated verbal abuse of a sexual nature,
- 3 Sexually related comments and joking
- 4 Graphic or degrading comments about an employee's appearance
- 5 Or displaying sexually suggestive objects or pictures
- 6 Including cartoons and vulgar email messages, and
- 7 Any uninvited physical contact or touching, such as patting, pinching or repeated brushing against another's body.

Such conduct may constitute sexual harassment regardless of whether the conduct is between members of management, between management and staff employees, between staff employees, or directed at employees by non-employees conducting business with Zen Massage[®], regardless of gender or sexual orientation.

Harassment by Non-employees

Zen Massage[®] will also endeavor to protect employees, to the extent possible, from reported harassment by non-employees in the workplace, including customers, clients and suppliers.

Zero Tolerance for Workplace Violence

Zen Massage[®] has a zero-tolerance policy concerning threats, intimidation and violence of any kind in the workplace either committed by or directed to our employees. Employees who engage in such conduct will be disciplined, up to and including immediate termination of employment.

Employees are not permitted to bring weapons of any kind onto company premises or to company functions. Any employee who is suspected of possessing a weapon will be subject to a search at the company's discretion. Such searches may include, but not limited to, the employee's personal effects, desk and workspace.

If an employee feels he or she has been subjected to threats or threatening conduct by a coworker, vendor or customer, the employee should notify his or her supervisor or another member of management immediately. Employees will not be penalized for reporting such concerns.

Complaint Procedure and Investigation

Any employee who wishes to report a possible incident of sexual harassment or other unlawful harassment or discrimination should promptly report the matter to their manager. If that person is not available, or you believe it would be

inappropriate to contact that person, contact Zen Massage® Corporate at 877-427-1320.

Zen Massage® will conduct a prompt investigation as confidentially as possible under the circumstances. Employees who raise concerns and make reports in good faith can do so without fear of reprisal; at the same time employees have an obligation to cooperate with Zen Massage® in enforcing this policy, investigating complaints and rectifying the situation.

Any employee who becomes aware of possible sexual harassment or other illegal discrimination against others should promptly advise your manager or any other appropriate member of management.

Anyone found to have engaged in such wrongful behavior will be subject to appropriate discipline, which may include termination.

Retaliation

Any employee who files a complaint of sexual harassment or other discrimination in good faith will not be adversely affected in terms and conditions of employment and will not be retaliated against or discharged because of the complaint.

In addition, we will not tolerate retaliation against any employee who, in good faith, cooperates in the investigation of a complaint. Anyone who engages in such retaliatory behavior will be subject to appropriate discipline, up to and including termination.

Employment

Employment at Will

Unless expressly proscribed by statute or contract, your employment is "at will." All Zen Massage® employees are at will, which means they may be terminated at any time and for any reason, with or without advance notice. Employees are also free to quit at any time. Zen Massage® does request at least 2 weeks' notice if you decide to not continue to work here. Any employment relationship other than at will must be agreed to in writing and signed by Zen Massage® management.

Employee Records

All new hire employees are required to sign a Non-Compete Agreement, Non-Disclosure Agreement, the Employee Handbook Acknowledgement of Understanding form and/or an Independent Contractor Agreement. Massage Therapists must submit a copy of their State/National license, as well as insurance and business license information.

It is the employee's responsibility to notify a Zen Massage® manager of any changes in name, address, telephone number, marital status, number of

dependents, military service status, beneficiaries or person to notify in case of an accident.

Misrepresentation of any fact which you have provided information for on your application, in your personnel file, or any other document is sufficient reason for dismissal. Personnel records are considered company property and are not available for review by employees.

It is the sole responsibility of the Massage Therapist to make sure all required licenses, permits and insurance to be a legal Massage Therapist in this state are current and valid. If Zen Massage® discovers that you falsified this information or the required items are not current, you will be immediately terminated.

References

Zen Massage® conducts reference and background checks on all new employees. Employees who have falsified information on their employment applications will be disciplined, which could include termination. Applicants who have provided false information may be eliminated from further consideration for employment.

Termination, Resignation and Discharge

Unless expressly proscribed by statute or contract, employment with Zen Massage® is on an "at will" basis and may be terminated with or without cause or notice. Similarly, employees are free to resign their employment at any time. If at any time it is necessary for an employee to resign his or her employment with the Company, Zen Massage® requests at least two weeks' notice. Failure to provide notice may lead to forfeiture of accrued vacation or other benefits at the discretion of Zen Massage®. If you are terminated from any Zen Massage®, you will be required to sign a separation agreement and general release.

Any employee who is discharged by Zen Massage® shall be paid only wages accrued to the effective date of the separation.

Any Employee who leaves or is terminated must return any company keys you have been issued, before you leave the building

Compensation & Work Schedule

Attendance & Punctuality

Every employee is expected to attend work when scheduled and report to work on time. Massage Therapists are required to report to work **at least** 30 minutes prior to their first appointment.

If you are unable to report to work on time for any reason, call your manager as far in advance as possible. If you do not notify management in advance of an absence, it will be considered unexcused and may be grounds for termination.

Unsatisfactory attendance, including reporting late or leaving early, may be cause for disciplinary action, up to and including discharge. If you are a Massage Therapist and you leave early and you have other clients scheduled with you, this will also be grounds for termination.

Breaks

Managers and receptionists may take a 30-minute break to eat a meal during their shift. Do NOT leave the massage center. Bring your food to work and eat in the break room.

Massage Therapists are entitled to a 60 minute unpaid break for meals during each work period.

Breaks will be scheduled at staggered times to allow appropriate coverage.

Massage Therapists who are scheduled more than 4 massages must be scheduled at least one break.

Each state has different rules and regulations regarding breaks required, check with your local government office for details.

Work Hours

Zen Massage® has established a flexible work arrangement program for employees.

If you are a Massage Therapist working as an Independent Contractor, Zen Massage® does have the right to change your schedule based on the location's needs. With a manager's approval, Massage Therapists may be allowed to begin or end their scheduled shift earlier or later, depending on customer demand.

Massage Therapists are free to schedule themselves, keeping in mind that the company may need to change the schedule depending on client demand.

To maintain a flexible work arrangement, employees must ensure business needs are met and adhere to attendance and punctuality policies. Such arrangements may be established, changed or discontinued at the discretion of Zen Massage®.

Time Off

Managers please give at least a 2-week notice so your shift can be adequately covered.

Massage Therapists please give at least a 2-week notice as well. Only two (2) therapists can be off on any Friday, Saturday or Sunday. This is a first come, first

serve basis. You will find the Weekend Off Sign-Up Sheet at the front desk. Be aware that certain days such as Friday and Saturday and holidays are very busy so Zen can only have a couple therapists off during those times. Clients schedule in advance, so work with your manager to make sure all your appointments are covered by another therapist. If you are unable to work on the busiest days, know that Zen must hire more therapists to work those shifts and the therapists that work on the weekends will be scheduled appointments first during the week (priority booking).

Outside Employment

Zen Massage® has an open policy about working at other places.

Three requirements to this open policy are:

- 1) You must adhere to the Confidentiality and Non-Disclosure Agreement.
- 2) Other jobs cannot interfere with your work commitments to Zen Massage®.
- 3) Job performance cannot suffer due to other work commitments.

Failure to comply with any of these requirements may be grounds for termination.

Pay Schedule

Employees will be paid once a week, depending on the location. If the regular payday falls on a holiday, payday will be the last regular workday before the holiday.

The pay week starts at the beginning of your shift on the day determined and includes all work you perform up to the close of business on the last day determined. You will be paid your first week's wages at the end of the first workweek. If a paycheck is lost or stolen, notify management immediately.

Performance Evaluations and Meetings

Managers and employees are strongly encouraged to discuss job performance and goals informally at any time. Although Massage Therapists may be classified as Independent Contractors, normal evaluation procedures do apply.

Additional formal performance reviews will be conducted to provide both supervisors and employees with the opportunity to discuss job tasks, identify and correct weaknesses, encourage and recognize strengths, and discuss positive, purposeful approaches for meeting goals. These formal reviews will be conducted at least once every 6 months.

All employees, including Massage Therapists, are required to attend all Zen Massage® meetings throughout the year.

Work Duties and Responsibilities

During your training, you will be shown exactly what is expected from you as an employee. At any time if you are unsure about your job requirements, please ask your manager for clarification, or contact Zen Massage® Corporate at 877-427-1320. If you are not performing as expected, this may be grounds for termination.

Managers

Zen Massage® managers have specific duties and requirements for managing the location and Massage Therapists, which will be explained during your training. You will also be shown a closing and opening checklist to follow. Please ask your manager if you are unclear about how to perform specific tasks, even after training. You are responsible for not only the Massage Therapists and scheduling, but also the facility itself. Since Zen is a discount massage concept, we have to go the extra mile to prove to clients that we are an upscale massage center. Professionalism and cleanliness are extremely important. Throughout your shift, walk through the entire location and make sure it is clean and organized. If a Massage Therapist is not dressed professionally, they must buy a new Zen T-shirt and wear it, or you may have to send them home to change.

Massage Therapists

Since Zen is a discount massage concept, we have to go the extra mile to prove to clients that we are an upscale massage center. Professionalism and cleanliness are extremely important. Please help the managers keep the location clean and organized.

Arrive no later than 30 minutes before your shift so that you can check your schedule for changes and prepare your massage room. Check your room before the first scheduled massage. Make sure the sheets are tidy on the massage table. Establish room ambiance – check the lighting, music, water feature, temperature, etc.

After the last appointment, make sure clean sheets are on the table and turn off all appliances if you are the last Therapist to use the room.

Dress Policy

Appropriate office attire is required. Clothes should be clean and neat. Do not wear tight clothing, short shorts or skirts, clothes with holes, hats, or low cut shirts. There are still misperceptions about massage centers, so be aware of how you present yourself to clients.

Massage Therapists are required to wear a Zen T-Shirt with black pants. If your clothes smell of smoke or are dirty you will be required to purchase a new Zen T-shirt and wear it, or you may be sent home to change in which your appointments will be given to other Therapists until you get back.

No workout, extremely loose fitting, parachute or blue jean pants will be permitted.

Shoes are to be hard sole, no flip flops or dirty tennis shoes.

Be aware of personal hygiene. Make sure your hands are clean, apply deodorant and brush your teeth when necessary. Massage Therapy requires close physical contact, so be aware of your attire and body odors.

Conduct Standards

Company Equipment

When using Zen Massage[®] property, including computer equipment or hardware, washer and dryer, massage tables, exercise care, perform required maintenance and follow all operating instructions, safety standards and guidelines.

Notify your supervisor if any equipment or machines appear to be damaged, defective or in need of repair. This prompt reporting could prevent the equipment's deterioration and could also help prevent injury to you or others. Should you have questions about the maintenance and care of any workplace equipment, ask your manager.

If you use or operate equipment improperly, carelessly, negligently or unsafely, you may be disciplined or even discharged. In addition, you may be held financially responsible for any loss to Zen Massage[®] because of such mistreatment.

Company Property

Please keep your work area, including massage therapy rooms, neat and clean and use normal care in handling company property. Report any broken or damaged equipment to your manager at once so that proper repairs can be made.

You may not use any company property for personal purposes or remove any company property from the premises without prior written permission from management.

Conduct Standards & Discipline

Zen Massage® expects every employee to adhere to the highest standards of job performance and of personal conduct, including individual involvement with company personnel and outside business contacts.

Zen Massage® reserves the right to discipline or discharge any employee for violating any company policy, practice or rule of conduct. The following list is intended to give you notice of our expectations and standards. However, it does not include every type of unacceptable behavior that can or will result in disciplinary action. Be aware that Zen Massage® retains the discretion to determine the nature and extent of any discipline based upon the circumstances of each individual case. If you are terminated from any Zen Massage® you will be required to sign a Separation Agreement and General Release.

Employees may be disciplined or terminated for poor job performance, including, but not limited to the following:

- Unsatisfactory quality or quantity of work.
- Repeated unexcused absences or lateness.
- Failing to follow instructions or Company procedures.
- Failing to follow established safety regulations.
- Smoking or smell of smoke.

Employees may also be disciplined or terminated for misconduct, including, but not limited to the following:

- Falsifying an employment application or any other company records or documents.
- Failing to record working time accurately or recording a co-worker's timesheet.
- Insubordination or other refusal to perform.
- Using vulgar, profane or obscene language, including any communication or action that violates our policy against harassment and other unlawful forms of discrimination.
- Disorderly conduct, fighting or other acts of violence.
- Misusing, destroying or stealing company property or another person's property.
- Possessing, entering with or using weapons on company property.
- Possessing, selling, using or reporting to work with alcohol, controlled substances or illegal drugs present in the employee's system, on company property or on company time.
- Violating conflict of interest rules.
- Disclosing or using confidential or proprietary information without authorization.
- Violating the Company's computer or software use policies.
- Being convicted of a crime that indicates unfitness for a job or presents a threat to the Company or its employees in any way.
- Stealing Client Information.

- Stealing Tips.

Drug, Alcohol and Smoking Policy

Zen Massage[®] strives to maintain a workplace free of drugs and alcohol and to discourage drug and alcohol abuse by its employees. Misuse of alcohol or drugs by employees can impair the ability of employees to perform their duties, as well as adversely affect our clients' confidence in our company.

Alcohol

Employees are prohibited from using or being under the influence of alcohol while performing company business for Zen Massage[®], while operating a motor vehicle in the course of business or for any job-related purpose, or while on company premises.

Illegal Drugs

Zen Massage[®] employees are prohibited from using or being under the influence of illegal drugs while performing company business or while on a company facility or worksite. You may not use, manufacture, distribute, purchase, transfer or possess an illegal drug while in Zen Massage[®] facilities, while operating a motor vehicle for any job-related purpose or while on the job, or while performing company business. This policy does not prohibit the proper use of medication under the direction of a physician; however, misuse of such medications is also prohibited.

Disciplinary Action

Employees who violate this policy may be disciplined or terminated, even for a first offense. Violations include refusal to consent to and comply with testing and search procedures as described.

Drug Testing

Zen Massage[®] may require a blood test, urinalysis, hair test or other drug or alcohol screening of employees suspected of using or being under the influence of drugs or alcohol or where other circumstances or workplace conditions justify such testing. The refusal to consent to testing may result in disciplinary action, including termination. Pre employment screening may be required.

Smoking Policy

Smoking is prohibited inside Zen Massage[®] facilities.

All employees, clients and other visitors are expected to comply with this policy, and employees who violate it may be disciplined or terminated.

Should you have a question, complaint or dispute about smoking in the workplace, contact Management.

Acknowledgement of Policies and Procedures

I acknowledge that I have read and understand the policies of the Zen Massage[®] Employee Handbook.

I understand that this Handbook represents only current policies and benefits, and that it does not create a contract of employment. Zen Massage[®] retains the right to change these policies and benefits, as it deems advisable.

Unless expressly proscribed by statute or contract, my employment is "at will." I understand that I have the right to terminate my employment at any time, with or without cause or notice, and that the Company has the same right. I further understand that my status as an "at will" employee may not be changed except in writing and signed by Zen Massage[®] management.

I understand that the information I come into contact with during my employment is proprietary to Zen Massage[®] and accordingly, I agree to keep it confidential, which means I will not use it other than in the performance of my duties or disclose it to any person or entity outside Zen Massage[®]. I understand that I must comply with all of the provisions of the Handbook. I also understand that if I do not comply with all provisions of the Handbook, I may be subject to disciplinary action up to and including discharge.

Signature

Date

Please Print Your Name

4.2.9



zenmassage[®]
No Contracts • No Membership Fees

close your eyes and count to zen

Suggested Gratuities for services of Different Amounts

	15%	20%	25%
\$39.95	\$6.00	\$8.00	\$10.00
\$49.00	\$7.50	\$10.00	\$12.50
\$54.95	\$8.25	\$11.00	\$13.75
\$59.95	\$9.00	\$12.00	\$15.00
\$89.95	\$13.50	\$18.00	\$22.50

4.2.9 TYPES OF MESSAGES, PRICES, WAGES AND PROFITS

Type Of Massage	Length	Price	Therapist(s) Paid	Zen Makes
Swedish	1 hour	\$39.95	15	\$24.95
	1.5 hour	\$69.95	25	\$44.95
	2 hour	\$99.95	35	\$64.95
Deep Tissue	1 hour	\$49.00	20	\$29.00
	1.5 hour	\$79.95	30	\$49.95
	2 hour	\$109.95	40	\$69.95
Sports Massage	1 hour	\$49.00	20	\$29.00
	1.5 hour	\$79.95	30	\$49.95
	2 hour	\$109.95	40	\$69.95
NMT	1 hour	\$54.95	20	\$34.95
	1.5 hour	\$84.95	30	\$54.95
	2 hour	\$114.95	40	\$74.95
Pregnancy	1 hour	\$54.95	20	\$34.95
	1.5 hour	\$84.95	30	\$54.95
	2 hour	\$114.95	40	\$74.95
Focus Massage	1/2 hour	\$34.95	10	\$24.95
	1 hour	\$59.95	20	\$39.95
	1.5 hour	\$89.95	30	\$59.95
	2 hour	\$119.95	40	\$79.95
Hot Stone	1 hour	\$64.95	23	\$41.95
	1.5 hour	\$94.95	33	\$61.95
	2 hour	\$124.95	43	\$81.95
Couples Massage Swedish/Swedish	1 hour	\$89.95	34	\$55.95
	1.5 hour	\$149.95	54	\$95.95
	2 hour	\$209.95	74	\$135.95
Deep Tissue/Deep Tissue and Sport/Sport	1 hour	\$109.95	44	\$65.95
	1.5 hour	\$169.95	64	\$105.95

Type Of Massage	Length	Price	Therapist(s) Paid	Zen Makes
	2 hour	\$229.95	84	\$145.95
NMT/NMT	1 hour	\$119.94	44	\$75.94
	1.5 hour	\$179.94	64	\$115.94
	2 hour	\$239.94	84	\$155.94
Hot Stone/Hot Stone	1 hour	\$139.94	50	\$89.94
	1.5 hour	\$199.94	70	\$129.94
	2 hour	\$259.94	90	\$169.94
Swedish/Deep Tissue and Swedish/Sports	1 hour	\$99.95	39	\$60.95
	1.5 hour	\$159.95	59	\$100.95
	2 hour	\$219.95	79	\$140.95
Swedish/NMT and Swedish/Pregnancy	1 hour	\$104.95	39	\$65.95
	1.5 hour	\$164.95	59	\$105.95
	2 hour	\$224.95	79	\$145.95
DT/Pregnancy and NMT/DT and Sports/Pregnancy and Sports/NMT	1 hour	\$113.95	44	\$69.95
	1.5 hour	\$174.95	64	\$110.95
	2 hour	\$234.95	84	\$150.95
NMT/Pregnancy	1 hour	\$119.95	44	\$75.95
	1.5 hour	\$179.95	64	\$115.95
	2 hour	\$239.95	84	\$155.95
Sports/DT	1 hour	\$109.95	44	\$65.95
	1.5 hour	\$169.95	64	\$105.95
	2 hour	\$229.95	84	\$145.95
Swedish/Hot Stone	1 hour	\$114.95	42	\$72.95
	1.5 hour	\$174.95	62	\$112.95
	2 hour	\$234.95	82	\$152.95
Hot Stone/Pregnancy and Hot Stone/NMT	1 hour	\$129.95	47	\$82.95
	1.5 hour	\$189.95	67	\$122.95
	2 hour	\$249.95	87	\$162.95

Hot Stone/DT	1 hour	\$123.95	47	\$76.95
and Hot Stone/Sport	1.5 hour	\$184.95	67	\$117.95
	2 hour	\$244.95	87	\$157.95
Facial	1 hour	\$65.00	24	
\$40.95				

4.2.10 QUICKBOOKS CHART OF ACCOUNTS SAMPLE

Income

- Service Sales
- Products Sold

Total Income

Cost of Sales

- Cost of Products Sold
- Massage Therapist Commissions (1099)
- Royalty Fee
- Advertising Fee
- Credit Card Fees
- Massage Supplies

Total Cost of Sales

Gross Profit

Expenses

- Advertising
- Bank Service Charges
- CAM
- Cleaning
- Internet
- Licenses
- Maintenance and Repairs
- Massage Therapist Tips - include in 1099 calculation
 - Tips Collected (contra-expense)
- Miscellaneous
- Payroll
- Payroll Taxes
- Printing
- Professional Fees
- Property Taxes
- Rent
- Office Supplies
- Telephone
- Unredeemable Gift Cards
- Utilities
 - Electric
 - Gas
 - Water

Other (make an individual account for each)

Total Expenses

5.1 MILLENNIUM SOFTWARE

5.1.1 BEFORE USING MILLENNIUM: Please watch the webinars set up for you by your Millennium technical support. (This will be set up for you when you sign your technical support agreement.)

- Data base setup 1 and 2
- Basic Appointment Book
- Advanced Appointment Book
- Basic Register

5.1.2 TRAINING DOWNLOAD: For Training Purposes Only

The download is for training purposes only. Your representative from Millennium will contact you to arrange a date to download this training version. The training version will be Zen Massage® Final Converted Version, so you can see exactly what your converted version will look like once you enter the data below. Use this training version to learn how to enter therapist schedules, enter appointments and check-out clients. This is the version to train your staff on. This training version will be completely deleted when the conversion occurs.

Call your representative at Millennium and schedule your 2 hours of interactive training. We recommend you schedule your training in the morning so as to not disrupt business. Have as many employees as possible join in for the training. (973-402-9500)

5.1.3 GOING LIVE WITH MILLENNIUM

Once you are comfortable with the Training Version, you will need to contact Millennium to upload your software. If you have any questions, please call your representative (973-402-9500).

Independent Contractor

While it is 100% your decision how you classify the therapists for your business, it is our opinion that we are classifying the therapists correctly as independent contractors for the IRS as long as you are following the IRS's independent contractor guidelines, which include the following (and additional requirements):

- 1) You have an independent contractor agreement signed by the therapist.
- 2) The therapist continues to be licensed by a third party that you have no control over.
- 3) You do not exercise control over how they do the massage - you can demand customer satisfaction results.
- 4) You have always had them as independent contractors and never classified them as employees.
- 5) You have completed and filed the appropriate 1099's and other tax forms that show them as independent contractors.

You might consider having your local attorney visit the issue since many states are starved for cash and are looking for any way possible to collect additional revenue. The state unemployment payment amounts are usually not outrageous and most of the time are only charged on a portion of the yearly pay, but if classified for IRS purposes as employees, it will change completely how you calculate and pay the therapists. Your local attorney is the one that needs to advise you on this matter if you are concerned. Here are a few other notes that might also support your case classifying the therapists as independent contractors:

- 1) Keep a notation in your files of any therapists that work other locations - have their own business, etc.
- 2) Increase the pay for the therapist just a little and sell them the supplies so they are providing their own supplies. You might even make it possible for them to buy the correct lotions, etc. from an independent supplier.
- 3) Base your independent contractor agreement on a 6 month or yearly basis and then execute a new contract upon expiration. This keeps the contract from being a "permanent" position. (Having a 1 week lapse in between contract end and new start dates can help.) Using the SS-8 to request a finding from the IRS will almost guarantee an "employee finding. We do not suggest using this course of action.
- 4) See if you can determine another way to give them more control of their own scheduling. The more control they have, the more it supports independent contractor classification.

If you do get a notice of any audit for reclassification, please let us know so we can possibly support your efforts. If things start shifting, everyone may be affected. Please always keep corporate informed.

4.2.11 PCI Compliance

PCI (Payment Card Industry)

PCI Compliance standards are put in place to protect all of your client's personal information such as credit card information, social security numbers, etc. You must comply with the standards put in place in order to accept credit cards.

If you are a merchant that accepts payment cards, you are required to be compliant with the PCI Data Security Standard. You can find out your exact compliance requirements only from your payment brand or acquirer. However, before you take action, you may want to obtain background information and a general understanding of what you will need to do from the information and links here. (exact quote from https://www.pcisecuritystandards.org/merchants/how_to_be_compliant.php PCI Security Standards Council, LLC.)

American Express: www.americanexpress.com/datasecurity

Discover Financial Services: <http://www.discovernetwork.com/fraudsecurity/disc.html>

MasterCard Worldwide: <http://www.mastercard.com/sdp>

Visa Inc: <http://www.visa.com/cisp>