

Great Clips opens 4,000th salon

Great Clips is the world's largest salon brand, with more than 4,000 franchised salons throughout the United States and Canada. As such, Great Clips' 1,200 independent franchisees employ more than 40,000 licensed stylists, who will deliver more than 100 million haircuts to Great Clips' customers in 2016.

The 4,000th-salon milestone is the most recent in a string of accomplishments for Great Clips, including 12 straight years of quarterly growth in same-salon sales and 43 consecutive quarters of customer

count growth. How does that happen with an erratic economy and an industry in flux? To find out, **Beauty Industry Report** recently had the pleasure of checking in with **Rhoda Olsen**, CEO, for the inside story.



Rhoda Olsen, CEO

BIR: Welcome, Rhoda, and congratulations on reaching 4,000 salons! Please give our readers a brief synopsis of the Great Clips organization and the most important steps you learned along the way!

RO: Thanks, Mike! Great Clips was thrilled to reach 4,000 salons in August 2016, and even more excited to pass the 12-year mark for consecutive quarters of comparable sales growth. Growth in the number of units and growth in comp sales have been important to our core business and priorities. Some organizations grow units but don't have growth in comp sales. Other organizations have growth in comp sales but do not have unit growth. At Great Clips, we've found a good balance and are focused on "healthy growth." Over the course of Great Clips' history, there have been times when unit growth was too rapid, and we were not able to get the comp growth that we knew was important. We needed to learn to balance the focus and make sure our energy was aligned. Our franchisees know we are as concerned about their existing growth as we are about system growth.

Great Clips continued to grow through the recession and difficult times due to our value position. That wouldn't be possible without our franchisees' commitment to keep prices low and deliver a consistent customer experience. As a franchised organization, our growth is driven by a high degree of collaboration with our franchisees and engaging them in our overall focus and priorities. We have a very active Marketing & Advisory Review Counsel of 20 elected franchisees who work closely with us. We also have more than 100 co-op presidents, franchisees who provide leadership at the market level. We stay connected to these groups and build strong relationships, so we can share clear goals toward our vision: working together to build the most profitable salons by delivering the most powerful and enduring brand.

Our growth is also the result of a very clearly defined brand and brand measures that we keep front and center. Having a one-page brand document that defines both the behaviors and the measures that drive salons' success helps us keep it simple. Using the same measures and same words creates consistency and focus.

Our franchisees build great organizations that are very committed to their stylists. The stylists who work in these franchisee-owned Great Clips salons have great relationships with their employers. Salon owners who are actively involved in the business and have a clear stake in the success of every individual salon have strong teams.

From a customer behavior perspective, we have incredibly strong business intelligence and data to measure what customers are doing, what affects their behavior, how we can market to them, how we can move key measures and how we provide clear accountability. We have developed key measures around customer behavior and use those measures repetitively. All of our system awards and recognition emphasize those measures, because we know that they are the clearest indication of customer behavior and salon growth. We are also diligent about doing consumer research

and brand research, so we invest in objective information to make certain our decisions are responsive to our core customers' needs.

BIR: What is your personal story? How did you get to where you are today?

RO: From a personal perspective, my college education—both undergraduate and master degrees—were in sociology- and psychology-related fields. I started my career in human resources and training, gaining about 15 years of experience prior to joining Great Clips.

My brother was an early owner in Great Clips and worked closely with the two founders, **David Rubenzer** and **Steve Lemmon**. Initially, I worked as a consultant developing their franchisee training programs. I developed the brand's first operations manual and provided Train the Trainer. After I joined Great Clips full-time as vice president of human resources and training, I worked closely with David Rubenzer, the founder who was a licensed barber who developed the technical systems and knew the industry inside and out. By working closely with David, I gained a great foundation about stylists, salon operations and industry success. Because I wasn't a stylist, I needed to be very involved at the salon level. I spent a lot of time in the salons working with and training stylists, while building a great understanding of salon-level operations.

As I continued my career with Great Clips, my role expanded and I gained responsibility for more and different areas. It was a great opportunity, as the organization was growing. That growth generated many different needs and challenges that provided opportunities for me to learn and stretch myself professionally. In 1998, I became president/chief operating officer. In 2011, I became CEO.

BIR: What changes have you seen in the industry since you joined it?

RO: Over the past 30 years, the industry has changed dramatically due to technology, customer demands, available data and regulations. Marketing in the industry has moved to the social/digital world. Brands are no longer able to focus strictly on broadcast media and print to build awareness and reach

new customers. The industry has also been responsive to customer needs and developed different concepts to meet those needs.

BIR: How do you use technology to improve the Great Clips customer experience?

RO: Great Clips is aggressive about finding ways to use technology to improve the customer experience. Our highest priorities in technology focus on the customer experience and creating technology that supports the stylists. When **ICS**, our point-of-sale software vendor, developed **Online Check-in** and brought it to us, we were excited to be able to implement it. Great Clips Online Check-In is an incredible tool that allows customers to check in on their computers or mobile devices, reducing their wait time in the salon. It's like putting the front door of the salon in the customers' hands.

Another customer-experience-driven technology at Great Clips is **Clip Notes**. We've had extensive customer notes in our computers for many years, but over the course of the past several years, we have developed a more consistent process for documenting and sharing those notes across salons and with customers. The Clip Notes initial focus was to assist the stylists. But in focus groups, it became clear that customers valued these notes. When customers understand how the notes are used, it increases their confidence in the stylist's ability to deliver the haircut they want. Making those notes available in every salon extended customer convenience, because customers knew that their Clip Notes could be accessed from any salon. This provided a greater level of convenience and freedom for the customers to visit any location.

BIR: How have customers responded to the new technology? What about stylists?

RO: Customers' reaction to Online Check-in continues to be incredibly positive. They view it as a great time-saver, and they value the fact that we're technologically savvy. And although Online Check-in was designed with customer convenience in mind, it also provides a great benefit to stylists. Stylists know that if customers wait too long in the lobby, they start off on the wrong foot. Allowing customers to check-in online and reduce their wait in the lobby makes the stylist's job easier once the customer is in the chair. Stylists have become very comfortable with Online Check-in and even use it themselves to check the salon before

heading to work for an idea of what kind of waits customers are experiencing. Stylists will even look at Online Check-in and, if the wait is long, they might call the salon and see if they are needed to come in early. It's been a very clear, visible way for the entire organization to see the actual waits in salons.

As for Clips Notes, customer feedback was a driver behind making notes available globally, so this technology has been favorably received by Great Clips customers. Stylists also value Clip Notes. Having this information increases stylists' confidence when they consult with a customer on their haircut. The notes provide a great foundation and ensure the customer is getting the haircut he or she wants from visit to visit.

BIR: Has it helped business, and if so, how?

RO: We truly believe our technological advancements have helped stabilize and increase our growth in comp sales and our overall unit growth. This steady growth increases everyone's confidence that we are on the right path, that we know our customers and that we're focusing on technology improvements that will actually drive more loyal customers.

BIR: How do you select your product mix for Great Clips? What is the best way for a brand to pitch its products to your company?

RO: Great Clips has a single distributor, **Salon Innovations**. Salon Innovations works closely with Great Clips on our retail product mix. This long-term relationship has been built on responding to customers' needs and providing appropriate margins.

Great Clips also tends to favor well-known, established products and leverage brand visibility in the salons. We have continued to expand our product offerings and make more products available on an optional basis to franchisees. In addition, Great Clips, Inc. employees and franchisees have formed a product task force that reviews product offerings and opportunities. Finally, we have developed a private label line to address unmet customer needs that we observed. The private label line allows us to offer customers a variety of affordable, quality products consistent with our value position.

BIR: What changes are you expecting to see in the industry in 2017? How is your Great Clips team preparing to meet those challenges?

RO: Some of the biggest changes in the

industry will evolve around technology and cosmetology education. The beauty industry will continue to look for ways to leverage technology in a way that is most meaningful for customers and truly drives repeat and loyal business. Technology can be difficult and costly. Making the right investments will be important. Knowing the customer and relying on the customer view, rather than the stylist or business view, can also be important in looking at technology.

Additionally, the changes in cosmetology schools and the availability of licensed cosmetologists is a challenge. With many schools closing and others struggling, the number of cosmetology students graduating will be reduced. We are working actively with other industry associations and their franchisees on industry reform. This industry reform is driven by the **Future of the Beauty Industry Coalition**, and Great Clips is actively involved with that group. The group's focus is on cosmetology hours, reciprocity, pre-graduate testing and a number of other issues that we believe will change the industry and improve the image and accessibility of cosmetology education.

BIR: What is next for Great Clips?

RO: Great Clips continues to see great opportunity moving forward. With more than 4,000 salons and the addition of about 200 units a year, we are the single largest hair-care brand. Even with our success, there's still incredible growth opportunity available. If every market in the United States was like Minneapolis—our home market with a great level of presence—we would have more than 10,000 salons! We will continue to stay focused on consistent growth in every market by identifying the very best locations, and helping our franchisees improve their profitability and build strong organizations. Additionally, we are increasing our expansion and focus in Canada, knowing that Canada has great growth potential, as well.

I love what I do. I have an incredible passion for the company, our corporate team, our franchisees and their stylists in their salons. I don't see myself anywhere other than as part of Great Clips.

For more information, reach Rhoda Olsen, CEO of Great Clips, at dee.tabone@greatclips.com. Visit greatclips.com.