

## Meet the Franchisor: Rob Goggins of Great Clips

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By Peter Saunders



*Photos courtesy Great Clips*

Rob Goggins has just been promoted from chief operating officer (COO) to president of Great Clips, a salon and hair-care product retail franchise system. The move is part of a major executive transition plan, whereby previous president Steve Hockett has been named CEO and, at the same time, previous CEO Rhoda Olsen has moved on to become vice-chair of the franchisor's board of directors.

"After decades of leadership, it is time for me to pass on the privilege," says Olsen, who began consulting with the company back in 1984 before joining its management team. "I have been given the pleasure of working with the very best people and now is the time to let them take the lead."

The transition follows a renewed effort to grow the Great Clips brand in Canada, with the franchisor bringing on a fresh team of development leaders who are familiar with the market, so as to better pinpoint desirable locations.

Having already expanded from British Columbia to Alberta and the Greater Toronto Area (GTA), the franchisor's current strategy is to open new franchises in Ottawa and Kingston, Ont., and then 'fill the gap' starting with development in Winnipeg, where as many as 25 locations could be added. While Canada is now home to nearly 150 Great Clips franchises in total, including 48 in the GTA, there is still clearly opportunity for much more growth, given the brand has more than 4,000 units within the U.S.

“We recently opened our Canadian headquarters (HQ) in Toronto and are expanding our search for real estate to the Prairies,” says Goggins. “We see the potential to gain 10 per cent market share overall in Canada, which would be equivalent to about 750 units. Given where we are today, that may take 20 years, but we’re no longer starting from scratch.”

### **Building a singular brand**

Goggins joined Great Clips in the summer of 2007 as vice-president (VP) of franchise development. He had previously held the same role for four years with Service Brands International, when it was franchising Molly Maid, Mr. Handyman, 1-800-Dryclean and Ductz.

“The biggest difference was going from an organization with four brands under one umbrella to a true single brand,” he explains. “It was always fun and exciting to work at Service Brands with all of its shared resources, but when all of your attention is on one brand, it can be much more powerful.”



*Canadian franchisees (pictured with Goggins) are finding new success as the brand continues to grow.*

At the time, Great Clips’ presence in the Canadian market was limited to a small footprint in the Western Canada.

“When I joined the company, our mission was to increase that presence,” Goggins explains. “Our only Canadian salons back then were opened by a master franchisee. We eventually bought out that master franchisee and strengthened our direct communications and support for our Canadian unit owners.”

He identified First Choice Haircutters, a Regis brand, as the primary competition in Canada, as it fit the same ‘bread and butter’ category in terms of price and convenience.

“There has always been a strong contingent of players in the hair salon business,” he says. “Lately, you mainly have the ‘salon suite’ category, where independent stylists rent out space, and then a more upscale category where haircuts take longer and cost more. Ours cost about \$14 to \$17 and take 15 minutes or less. Sport Clips is also making a big push in Canada these

days, but they only focus on male customers with their theme and their prices are higher, around \$20 to \$22.”

### **Location, location, location**

In 2011, Goggins gained additional responsibilities as senior VP (SVP) of real estate and development.

“We promote consistency in real estate across the brand,” he says. “We like to find a space that’s about 1,000 square feet, give or take a few hundred, in an open-air retail centre anchored by a grocery store. E-commerce has had a negative impact on many bricks-and-mortar businesses, but we do well when we’re near fitness chains and coffee shops.”

Goggins stresses the need for strong visibility and access, with each franchise location serving a market of 20,000 to 30,000 people within a two- to three-mile radius. Out of all Great Clips locations, only two or three are in enclosed malls, as rents are higher there and access can be more challenging.

“We’re value-priced and convenient,” he says. “We’re also getting better at opening urban locations in markets like Boston and Denver, although we don’t have any in downtown Toronto just yet.”

Indeed, none of Great Clips’ GTA locations is actually in Toronto. Instead, they have succeeded in the suburbs, including Mississauga, Thornhill, Markham and Ajax, Ont.

“We’re now looking south of Highway 401 for the first time,” says Goggins.



*With his promotion from COO to president, Goggins will now oversee franchisee training, meetings and events.*

### **Bringing in customers and new franchisees**

In 2014, Goggins was promoted to COO, which entailed leadership of additional areas of the business, including facilities, purchasing and operations. By this point, Great Clips had found additional success by rolling out an online check-in service across mobile and desktop platforms.

“Customers love the app, which shows all of our salons, wherever they are,” he says. “That convenience is important, but we also share ‘clip notes’ about how they want their hair cut and they can designate their top three favourite locations. People want to be assured of a friendly, welcoming experience. And prospective franchisees want to join a brand where the customers are already comfortable and will choose to visit other units in the system.”

When considering these prospects, Goggins and his team look for experience in the business world, managing everything from personnel to profit-loss statements. “You don’t need to have been in this particular line of business before, since you’ll hire a manager to run your salon,” he explains. “Our franchisees focus on finding locations, managing their business, recruiting stylists from cosmetology schools, doing promotions and going to community events.”

Most hold on to their day job at first, but then quite to focus full-time on Great Clips once they’ve opened an average of five to six salons after the first five years.

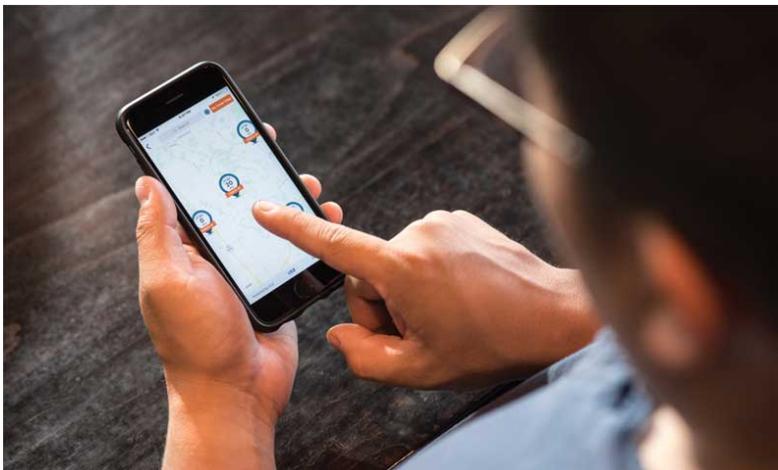
“They can pop in to their salons a few times a week to visit their staff, check customers in and look at reports,” says Goggins. “While it takes significant engagement on their part to make this business successful, much of it can be run remotely from a laptop or tablet computer and we allow them to open new locations anywhere in their market area.”

New Canadian franchisees must travel to the U.S. for their initial orientation and training, but then, the vast majority of their ongoing support is locally provided.

“We review their operations twice a year and train their staff, both when on-boarding new hires and when updating managers on new trends,” says Goggins. “We don’t have any corporate-owned locations, so we focus solely on our franchisees’ success. I spend 40 to 50 days per year with them. We’re big believers in meeting with them, hearing their thoughts and getting to know more about their markets.”

In one example of responding to franchisee feedback, Great Clips recently pulled out of its marketing campaign with the National Association for Stock Car Auto Racing (NASCAR).

“There was a belief among franchisees that NASCAR was only strong in certain regions,” says Goggins. “As race attendance and viewership declined, we reinvested our marketing dollars elsewhere, including the 2017 National Hockey League (NHL) playoffs.”



*Great Clips' mobile app provides an online check-in service for customers.*

### **A long-term view**

As Goggins takes on the role of president, his previous position as COO will not be filled by anyone else, as he will continue to oversee the same areas as before, plus information technology (IT), business intelligence (BI), human resources (HR) and franchise services, including recruiting, training, meetings and events.

“Rob has demonstrated the ability to coach and motivate teams,” says Olsen, the former CEO. “He is always willing to take on challenges and learn something new. His ability to listen and earn trust will bring a thoughtful approach to his role.”

One of Goggins' next tasks is to update the franchises' decor. The scheme was last refreshed in 2007, the same year the joined the company.

“We're putting a task force together with both corporate staff and franchisees to develop a new salon look in the next 18 to 20 months,” he explains. “Then we'll phase it in, but in a budget-friendly manner. In 2007, for example, we gave our franchisees seven to eight years to update their salons!”

In the meantime, the franchisor's track record speaks for itself. Over the past 10 years, franchisees' profits have increased by 60 to 70 per cent for each salon.

“That's because we're driving new customers to those salons,” Goggins explains. “Once you break even, each additional customer means additional profits. Wherever our franchisees are in their stage of business development—new franchisees building a foundation, experienced franchisees taking the next leap or long-time franchisees considering their next adventure—we are here to help them.”

Franchise resale value has grown accordingly, from two to three times earnings to four to five times.

“That's due not only to the increase in profitability, but also to long-term stability and confidence,” says Goggins. “Most of our locations get sold to other franchisees, but we also have 30-year franchisees passing the business along to their kids. Great Clips is not just a trend.”