

Case Study

Hairhouse Warehouse.

Hairhouse Warehouse is a retailer selling professional haircare products in shopping centres and busy shopping strips.

The Business

It's business model supplements the core retail experience, with sub-contracted hair-dressers and beauty therapists. As a result, rents are amortised across the three businesses.

The Founders, Tony and Joseph Lattouf, understand the hairdressing business, having been hairdressers to the stars while operating the Lattouf International hairdressing salons.

They started Hairhouse Warehouse in 1994 and now almost all 36 outlets are franchised. The franchisees are responsible for selecting and managing the sub- contracted hair-dressers and beauty therapists.

The Challenge

When Hairhouse Warehouse commenced franchising, they soon realised it wasn't achieving the monetary, or strategic goals they had expected.

Hairhouse Warehouse had received franchising advice previously, but this advice left them without a clear direction.

In addition, the franchise model was flawed setting a fixed royalty payment. This payment system meant that there weren't shared goals between the franchisor, and its franchisees.

Finally, their initial franchisee recruitment process was flawed. As a result, some of the initial franchisees were not of the standard required to operate a retail store at the highest standard.

The Solution

DC Strategy reviewed the current franchise policies and procedures and instigated a best practice franchise program for Hairhouse Warehouse including operation methods, recruiting strategy and financial projections and planning.

A brief was written for Point-of-Sale system providers to implement an information management system into the network.

Furthermore, an analyst from Deacons Consulting was seconded to work closely with the management team, assisting with the implementation of systems and procedures to better manage a large network.

Together with a re-fit of their head office, and hiring additional staff, Hairhouse Warehouse is now able to better service their franchisees and select franchisees who are able to operate the stores to higher levels.

The Outcomes

Hairhouse Warehouse continues to expand throughout Australia. Landlords welcome the outlet into their shopping centres as a positive contributor to their tenant mix.

- The franchise system continues to be successful for both the Franchisor and Franchisee.
- The point-of-sale system has been re-contracted to a new supplier and will now be integrated into the financial system.
- DC Strategy continues to work with Hairhouse Warehouse in the management team meetings.

