



SUPERCUTS FRANCHISE:
The Right Opportunity

Draft date: April 2, 2015

TABLE OF CONTENTS

Looking for the Right Opportunity?	pg 3
Good News About the Franchise Business Opportunity	pg 3
Why Hair Care	pg 4
Why Supercuts	pg 4-5
Operational Setup.....	pg 4-5
Revenue Streams.....	pg 5
Becoming a Supercuts Franchisee	pg 6-7
Candidate Profile.....	pg 6
Financial Requirements.....	pg 6
Validation Process.....	pg 6-7
Process Steps.....	pg 7
Your Role as a Supercuts Franchisee	pg 8
Regis: Unparalleled Franchisor	pg 8



LOOKING FOR THE RIGHT OPPORTUNITY?

As a seasoned business owner or professional, or even someone exploring a career change, you know that not all franchise opportunities are the same. Franchisor involvement can vary widely depending upon the industry, the company's overall philosophy, and financial resources.

Perhaps you're still searching for the right opportunity, or maybe you're fairly certain that you want to become a Supercuts franchisee. Either way, you're ready to take the next step from casual interest into serious consideration.

This white paper will introduce you to Supercuts, and its parent company Regis Corporation, explaining what differentiates it from other franchise opportunities. You'll learn what it takes to be a successful Supercuts franchisee, why owning a Supercuts franchise makes solid business sense, and what you can expect as you establish your relationship with one of the world's premier hair care franchisors.

GOOD NEWS ABOUT THE FRANCHISE INDUSTRY

What you should know before exploring Supercuts is that the outlook for franchise businesses is very positive. A recent report from the International Franchise Association, the authority on the franchise industry, and IHS Global Insight, an industry forecasting and analysis company, indicated that growth in the franchising industry will outpace growth in other business sectors over the next 10 years.

Regis CEO Daniel Hanrahan, recruited from his previous post as president and CEO of Celebrity Cruises, was brought on to capitalize on this promising trend. His insightful leadership of Celebrity Cruises and focus on developing the guest experience and strategic market positioning make him the ideal leader for a guest experience-driven business like hair care. Hanrahan is ready to "improve our business for the benefit of the guest, to provide growth opportunities, and to significantly enhance value."

Kurt Landwehr, Regis Corporation's Vice President of Franchise Development, says, "Our franchisees have access to tools, resources, and a business model specifically designed to help their business grow and expand." Plus, the Supercuts corporate team spurs franchisee growth by identifying markets in which the necessary qualities for growth are already in place. There are currently opportunities in most markets nationwide.



WHY HAIR CARE

The hair care industry is a \$65 billion-a-year industry that is often misunderstood, but a closer look at its core advantages make its value clear:

- Recession resistance
- Built-in demand
- Technology resistance
- Cash business, with minimal inventory or receivables
- Simple and easy operations
- Few employees
- Low start up requirements

Perhaps most importantly, the hair care industry provides guests with a need-based service, not a desire-based service. Guests return regularly to have their hair cut and styled and buy hair care products, which makes the revenue stream predictable and recurring. This makes the opportunity significantly more attractive to entrepreneurs looking for a business that will thrive in any economic climate.

WHY SUPERCUTS

Supercuts is the most recognized salon brand in the hair care industry. Supercuts was launched in 1976 and has been growing rapidly ever since. There are approximately 2,600 Supercuts locations throughout North America. This success is largely because of the experience, knowledge, and power of the Supercuts brand and their finely honed operating model. Supercuts systems, operations, and business model have been carefully crafted to meet the cost needs of the guest while providing a level of service that is unparalleled, creating an extremely high value proposition.

Added to that is Supercuts' commitment to creating an exceptional guest service. Through company culture, business processes, and high-quality hair care professionals, Supercuts continuously pursues the goal of providing a full-service salon experience at an affordable price. With more than 40 years of experience, Supercuts stands apart through efficiency and simplicity. It is this commitment to maximizing guest value that enables Supercuts to provide affordable haircuts, styling, coloring, and waxing services to millions of guests each year.

Operational Setup

The Supercuts franchise process is designed to have you operating as quickly as possible, without the unnecessary impediments of many other systems. Supercuts combines the simple infrastructure of a traditional salon with the operational prowess of Regis Corporation. Supercuts salons are designed to run predictably, professionally, and conveniently for both franchisees and their guests because several key aspects are built into each franchise:

- **On-site manager:** A Supercuts salon can be run by an on-site manager and does not require constant franchisee presence. This enables many Supercuts franchisees to keep their full-time jobs while opening multiple units.
- **Professional staff:** Supercuts salons are principally staffed by professional hairstylists with vocational education and training. A fully staffed salon only has 6-8 employees, allowing franchisees the ability to be selective with whom they hire.
- **Regular business hours:** The Supercuts salon operates during normal retail business hours, providing a flexible schedule for franchisees.



- **Efficient daily operations:** The Supercuts day runs with more simplicity and predictability than the traditional salon, allowing franchisees to serve more guests per day. In addition, this complete standardization of services makes training, quality assessment, and continuous improvement significantly simpler.

Revenue Streams

Supercuts salons set franchisees up with multiple potential revenue streams, creating a stable foundation for multifaceted sales growth. Revenue streams can include:

- **Haircuts:** Which are the core of the Supercuts business model account for approximately 80% of the revenue.
- **Salon services:** Supercuts offers a full range of services that include: shampoo/conditioning treatments, blow dry/styling, beard/band trim, hair coloring, waxing, and the Tea Tree Experience.
- **Hair products:** Supercuts salons offer an assortment of some of the most popular brands in hair products today including: Paul Mitchell, Matrix Biolage, Redken, It's a 10, Nioxin, and American Crew, which makes up approximately 10% of the salon's revenue.



BECOMING A SUPERCUTS FRANCHISEE

We are interested in hearing from franchise candidates who seek a stable business opportunity with significant growth potential. In this section you'll learn what is required to be a successful candidate and what to expect as you move from potential candidate to franchisee.

Candidate Profile

These are the traits that are most common among successful Supercuts franchisees:

- **Previous or current leadership experience:** Many Supercuts franchisees have had, or currently have, successful full-time careers in corporate America or own successful businesses. Because Supercuts is a manager-run business with behind-the-scenes support from Regis, many Supercuts franchisees keep their full-time jobs while they open their first several locations.
- **The ability to implement and execute company strategies:** As a Supercuts franchisee, you retain primary control over your business. However, the most successful franchisees are often the ones who implement the proven systems and strategies developed by Regis to help each Supercuts salon achieve success.
- **The vision and desire to open multiple locations:** The most successful Supercuts franchisees enter into business with the intention of opening subsequent salons and planning financially ahead of time. This minimizes delays and helps with staffing, as they can set up interviews ahead of time or keep an eye out for talented managers and stylists. Although multi-unit ownership is not mandatory to franchise with Supercuts, our franchisees find more success and earning potential with multiple salons built over time.

Financial Requirements

Supercuts asks that candidates meet the following criteria:

- **Net worth of \$500K**
- **Liquid assets of \$150K**
- **Good credit**
- **Ability to support lifestyle while starting the business**

Validation Process

The Supercuts franchise validation process is designed so potential franchisees can see the Supercuts business from every angle and get all of their questions answered. Regis also uses this time to get to know potential franchisees, to ensure that the opportunity is right for both parties.

There are four basic steps in the franchise validation process:

1. **The confidential questionnaire:** This provides an understanding of your background and capabilities and serves as the basis for meaningful dialogue between you and Regis.
2. **Meet the franchise representative:** Once the confidential questionnaire is completed you will be introduced to a Supercuts franchise development director. This is the first Regis professional you will meet and will be with you through the entire process. Their job is to understand your objectives and determine if Supercuts is right for you and vice versa.



3. **Information exchange:** In this step, you'll be receiving a lot of information about the Supercuts concept including formal opportunity documents. Plus, you will be talking to and even visiting with current franchisees to learn about their experiences.
4. **Discovery Day:** This is the day you come to Minneapolis and meet many of the leaders of Regis Corporation — the people responsible for supporting Supercuts franchisees. You will also meet other prospective franchisees.

Process Steps

Every franchise candidate is different, but because of Regis Corporation's commitment to strong support, motivated candidates who receive all necessary approvals may be able to complete the candidacy process in 30 to 60 days. Listed below are the major steps to becoming a Supercuts franchisee.

- Step 1: Initial inquiry
- Step 2: Introductory webinar
- Step 3: Franchise Disclosure Document (FDD) review
- Step 4: Webinars
 - ☐ Real estate
 - ☐ Marketing
 - ☐ Operations
 - ☐ Technology
- Step 5: Franchise validation call
- Step 6: Discovery Day
- Step 7: Agreement signing

Once these steps are complete, candidates are officially Supercuts franchisees and begin working toward their official grand opening.

Here are just a few tips you should keep in mind as you go through the process described above:

- ☐ Throughout this entire process you should have a qualified professional, such as a lawyer and/or an accountant, to guide you.
- ☐ Collecting your own information as you go through the process, such as regional market data, will help you get a complete picture of the opportunity. Population, income, employment, and other types of demographic data on your market and potential guests are just some of the areas you can examine.



YOUR ROLE AS A SUPERCUTS FRANCHISEE

Supercuts franchisees are not expected to have previous hair care experience. Their stylists and on-site managers service the guests and provide the technical expertise. In fact, Supercuts has developed a comprehensive training and certification program through Hair Stylist Academy (HSA) that trains stylists on hair care industry trends and the proprietary Supercuts hair cutting technique. Supercuts stylists are knowledgeable and provided with ongoing training. Our stylists are educated on everything from technique to the latest styles and the practice of precision and consistency.

The responsibilities of a Supercuts franchisee will include:

- Recruiting and hiring a strong staff
- Providing the vision and the accountability for operational excellence
- Understanding and building ties to your local community
- Building income through the implementation and execution of company strategies
- Developing and implementing marketing plans
- Working with Regis support staff to ensure the financial growth of your business
- Managing, motivating and leading your team

Delegating is of particular importance to Supercuts franchisees because many keep a full-time job while running and growing their Supercuts businesses on the side.

REGIS: AN UNPARALLELED FRANCHISOR

No other franchisor brings as much support to franchisees as Regis Corporation, which is dedicated to continuing this commitment. Experience for yourself what it means to have their expertise, resources, and vision in your corner. Join the team as a Supercuts franchisee, *the* industry-leading company at the center of a \$65 billion-a-year industry.

To get started, visit www.supercutsfranchise.com.

