

# BIR – The Industry Beauty Report

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## Raylon Hosts 7<sup>th</sup> Art of Business Seminar By Mike Nave

**T**hanks to the **Hafetz family's** hospitality, *Beauty Industry Report (BIR)* was invited to attend the **Raylon Corporation's** seventh annual and largest attended to date, **Art of Business Seminar** in Philadelphia, recently. Raylon provided the opportunity to spend two high energy days with 300 salon owners and the Raylon team to listen to high powered speakers, as well as to learn more about the success of the Reading, PA-based distributor. I had the good fortune of talking with **Howard Hafetz**; his son and company president, **Josh Hafetz**; and daughter, **Jessica Hammel**, president of the company's **American Male** salon franchise. BIR came away very impressed with this salon business management and product education driven distributor. The Hafetz family personifies the strong family owned distributorships that thrive in our industry, and I am delighted to share my experiences with BIR's readers. **Peter Mahoney** and **Jo Blackwell** opened the Art of Business Seminar. Peter is a successful chain salon owner and a principal in **Salon Consultants International**, who addressed the audience with "It's about time to unleash your potential for profit." Jo, a **L'Oréal** platform artist and owner of **Dop Dop** salon in the Soho section of New York City, focused on R.I.S.K. (Retention; Inspiration; Sales; Knowledge; Success)—her key elements for running a successful salon. The third speaker was **Arnold Zegarelli**, a former salon owner, educator and manufacturer, who addressed how stylists can build their books and retain their clients. The final speaker was author, salon owner and consultant, **John Di-Julius**, who talked about the importance of providing unforgettable customer service. Each year at this event, the Art of Business Award is presented to a business innovator or inspirational leader within the salon industry and **Sam Brocato** was the 2008 honoree. Howard said, "Sam Brocato, in so many ways, parallels the Raylon values of integrity, innovation and quality of life. He is the standard bearer of his company's tradition of excellence and dedication in business and art." After the seminar, I sat down with the Hafetz family to learn more about their company.

**BIR: Tell BIR's readers about Raylon.**

**Howard Hafetz (HH):** After 55 years in business, we have always and will continue to remain true to our customers. At the pulse, we see our role as a consultant, staying close to salon owners. We are focused on helping owners grow a healthy business. Today, Raylon services salons in Pennsylvania, New Jersey, Maryland, West Virginia and New York. We have 35 salon consultants. They are split into three divisions, each led by three different sales directors. Within the divisions, we have regional managers and coaches. Coaches are senior distributor salon consultants who work closely with less experienced DSCs to enhance development.

**BIR: Give me a brief history of the company.**

**HH:** My father, **Joseph Hafetz**, got his start at 17 when he worked as a truck driver, bookkeeper and, later, as a salesman for a small Wilkes-Barre beauty supply company. In 1953, he struck out on his own with \$5,000 and opened a distributorship. Raylon was born. I grew up in the business, became president at the age of 29 and have since carried out the company mission.

**BIR: Where did the name Raylon come from?**

**HH:** In our early years, we distributed two major brands, **Rayette** and **Revlon**. Raylon sounds much better than Revette.

**BIR: When did Jessica and Josh join you?**

**HH:** Jessica worked for **The Salon Association** for seven years and joined our company in April 2001. Josh worked for **Zotos**, covering four states in the western United States, before he came back to the family business in 2000.

**BIR: What is Raylon's mission?**

**HH:** Raylon's formal mission statement is to provide personal and professional growth through quality service, people, programs and products. We also seek to create and innovate. To see what is not there... ask why? Then take the steps to make it happen. Our underlying purpose is to make the salon business a better one.

**BIR: Raylon has a great reputation for its comprehensive educational training/seminars.**

**How are you executing those programs?**

**HH:** Education is part of our DNA—it is everywhere! A Raylon goal is to inspire and take salon professionals to the next level in business and in life. We proudly share best practices in business with our customers.

**BIR: Tell BIR's readers about The Raylon Gallery, your own theater where you host hair shows.**

**HH:** Education has always been and still is

my passion, which stems from my father. At first, it was about artistry. When we built the Gallery in 1977 in Reading, PA, it was about teaching fashion and technique. Soon, I realized the importance of professional development. We then introduced effective communication and business building workshops to the Gallery. Doing shows in hotels is difficult. I thought, "What if we had a state-of-the-art facility to host shows? What would this space look like? In my mind, I pictured the Gallery. In 1977, we purchased land next to our warehouse and built the ideal facility.

**BIR: This year marks the seventh year for Raylon's Art of Business seminar. Tell me how it started.**

**HH:** We believe in and act on our leadership responsibilities to bring business information to salons. We believed it was important to bring the industry's top business speakers to our market, making it more accessible for our customers. The need for business seminars delivering solid practical information is stronger than ever. A number of salon owners struggle. Many salon professionals went to beauty school because they have a creative desire and never thought they would one day own their own business.

**BIR: What is Raylon's greatest accomplishment in the past five years?**

**HH:** Passing the torch. Blending the wisdom and experience from one generation and matching it with youth, energy and wisdom from the next. Right now, we have the best of both worlds in terms of leadership here at Raylon and American Male Salons, Inc.

**BIR: At Raylon, you are blessed to have a number of your family members actively involved in the business. Tell me about them.**

**HH:** Family is a strong value throughout the Raylon Corporation. I was delighted when Josh and Jessica wanted to come back to work for our business. They are strong, smart, resourceful and respectful. My wife, **Vicki Hafetz**, was also a significant part of Raylon. As part of our company's growth and success, we started *Salon Today* magazine back in 1984 and Vicky served as its publisher until it was sold to Vance Publishing in 1994.

**BIR: Tell me about your store business?**

**HH:** We have a unique market, because booth rental is a non-factor in our primary marketing areas of Pennsylvania and New Jersey. That makes our business model a little different from distributors in other parts of the country. We have 11 stores, which are a wonderful convenience to our customers. These stores are very important to our business, but we do not see the urgency to expand our number of stores, since booth rental is a primary factor that drives store business. We are pleased with the growth within our current stores.

**BIR: Raylon has also created the growing salon franchise American Male. We asked American Male president, Jessica Hammel, why Raylon Corporation decided to get into the men's salon industry.**

**Jessica Hammel (JH):** We saw the trends shifting from a female-centered industry to one focusing more and more on men and their grooming needs. The mid-90s was really a time of change. Men have always wanted to look good—it's natural, but there was no information or anyone helping them become the guys they saw in the magazines and on TV. Those who did seek out better services went into beauty salons by default, because 95% of all barbershops from the '60s and '70s were out of business. This was the time to grow a male-only salon. American Male opened its doors in 1997. Flash forward to today and American Male has locations nationwide—a true reality that men everywhere demanded better service in a comfortable environment. American Male offers quality services in hair, body, nail and skin care in male-friendly facilities defining every aspect of the client experience. *Philadelphia Style* magazine was quoted as saying, "American Male will do for the haircut, what Starbucks did for the cup of coffee..."

**BIR: What makes the male grooming world so attractive?**

**JH:** Men are the fastest growing segment of the salon industry. In a recent study by Multi-Sponsor Surveys (2007), 44% of men are looking to fight the aging process, 46% are looking for products to make their skin healthier and 35% of men are more interested in grooming products. Those strong statistics are proof that men are demanding to look and feel better. "Down-aging" has affected men and women. Sixty years old is the new 40! The baby boomers are interested in keeping their good looks of youth, and as men are working longer into their lives, they must compete with the vibrant, younger talent that is entering the work force. On the flip side, the boys of generation Y have grown up with men's fashion magazines, TV shows and the Internet and are willing to experiment with fashion, style and color services.

American Male caters to both. American Male holds Advanced Academy classes to cover new cutting techniques and skin care advances. Each salon also has training on both the business side and the technical side of men's grooming.

**BIR: Tell me about your skin care line.**

**JH:** Men are clearly demanding better skin care options, and American Male has answered their plea. In addition, we are upgrading our facial service by introducing the American Male signature facial and upgrading our Quality Grooming Experience. When it comes to men, we want people to think of American Male.

**BIR: You have 14 American Male salons nationwide. What are your growth plans for the next five years?**

**JH:**We already have locations from the Atlantic to the Pacific, recently opening our third salon in Palm Desert. American Male has taken time to make sure our franchise offer is the best it can be. In the next 12 months, American Male forecasts 10 new salons signed on.

**BIR: Josh, you were appointed Raylon president a year ago. Tell me about your first year.**

**Josh Hafetz (Josh):** Raylon had a banner year in 2007. My grandfather and father have built a remarkable company, with the help of our intelligent and passionate team. Initially, my perceived challenge was to ensure that the Raylon team viewed my promotion as a positive move for the company. The employees were truly accepting to my new role, which ultimately made this transition seamless. As a result, I was able to immediately implement key initiatives, sooner than I had anticipated. There have not been many "big issue" challenges. My father is open to new ideas and his confidence in my leadership has helped us to adjust to my role.

**BIR: What are you most proud of?**

**Josh:**We have just completed our first year of **The Raylon Advantage Network**, which has been a huge success and can be attributable to much of our success in 2007. This new program combines a loyalty program with salon business consulting. For key accounts, we offer in-salon consulting from one of our trained salon business coaches. These individuals meet with the owner and diagnose the salon's areas of concern and then create a plan for improvement.

We combine this with an accrual program in order to fund the initiatives that the coach and the salon owner create. Our advantage network salons collectively grew their business with Raylon at a 35% rate in 2007 vs 2006! We see this as a competitive difference for our company and plan to strengthen the program in 2008.

**BIR: Where are your major growth areas?**

**Josh:** The thrust of our marketing has been toward the Atlantic seaboard. Forty percent of our sales are now being generated in New Jersey. This has been a strong growth area for us, and we just started to do business in New York City with a new upscale brand. We are now looking to our western market for our strongest rate of future growth.

**BIR: What's your biggest challenge in 2008?**

**Josh:** Our strategic plan is to create a second sales division. We are developing a unique business model, not just a typical sales force. We see an opportunity to harness Raylon's current relationships and reputation for innovative education, yet create a new division.

**BIR: What is the salon industry's biggest challenge in 2008?**

**HH:** Not losing sight of the reality of our business. It is about the salon experience and it is about hairdressers. With all the commotion in the industry, some are losing sight of that. We must strive to fuel the creative passions of the hairdressers, as well as help them deliver the gift of fashion and beauty to their clients. Salon owners are struggling and need more business education. It's our role to help them achieve the success they dreamed of when they opened their salons.

*Reach Howard Hafetz at 800-422-8166 or howardh@raylon.com.*