

The Advertiser
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Tuesday 22nd April 2008
Size 22 cm x 21 cm

ELLA BACHÉ | Calculated risks for beauty firm Future in franchising



FRANCES STEWART

AT just 40 years of age, Ella Baché's Karen Matthews is one of Australia's younger chief executives and is charged with taking the established brand into the future.

Before joining Ella Baché in 1999, Ms Matthews was international vice-president of fashion house Ferro Designs.

She also worked as a marketing manager for fashion and accessories at Myers for several years.

At the Franchise Council's women in franchising event in Adelaide last week, Ms Matthews said Ella Baché's products had been available in Australia for almost 50 years when the decision was made to franchise.

Awarded the Price-waterhouseCoopers Franchise Woman of the Year for 2007, Ms Matthews has taken calculated risks to improve Ella Baché's sales and profit since joining the company.

She said moving to a franchise system had been a long process for the com-

pany, now in its eighth year of transition.

Growing a franchise should be a constant process of "evolution and sometimes revolution," she said.

To start the process, groups of salon owners were flown to Sydney in 2000 - not just to teach them about the value of franchising, but also to teach Ms Matthews about how the salons were run.

It was not all smooth sailing in the early days -

“ We have worked hard to retain the values

the company knew not all salon owners would be happy about becoming a franchise.

"We expected to lose 55 salons," Ms Matthews said. "We actually lost 60."

Of the remaining 200 salons, only 20 were initially willing to sign a franchise agreement.

The other 180 salons signed pseudo-agreements that remained outside the franchise model.

But by the end of this financial year, Ella Baché hopes to have signed 65 per cent of salons to its franchise agreements.

The gradual shift to franchising has also provided the company with the opportunity for solid growth.

Over the past three years, Ella Baché has a recorded revenue growth of 53 per cent and annual store growth of 44 per cent. There are 71 franchises in operation and 50 more are forecast in the next three years.

Ms Matthews said that strong internal leadership is absolutely critical during the final stages of transition to a complete franchise system.

"The challenge remains in taking this amazing 50-year-old brand into the future with a truly unique model underpinned by franchising," she said.

"You will only be successful if you build your business from the inside out. We have worked hard to retain the values of Ella Baché throughout our move to establishing a franchise system."

BOLD MOVE:
Karen Matthews:
"a truly unique model".