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Vision and innovation spurred co-owners Darren and Staci Stark to open their distributorship.

Salon Memo has carved its own path to success—one that is a business model for other small distributors.

Read The MEMO

by Julie Sturgeon
 Photography by Lou Russo

There are thousands of ways to start a business. Darren Stork, CEO of Elgin, Illinois-based Salon Memo, rejected all of them in favor of a new model: "Look, Ma! No salespeople!" Stork's first big decision for his beauty supply distribution channel was to move his product using four educators with backgrounds in presentations as opposed to pitches.

However, banning the traditional distribution channel was only his first step: Since opening his wholesale business in October 2002, he has also picked up a cosmeceutical line, Osmotics FNS, thanks to wife and co-owner Staci Stork keeping her ear to the ground. He recently added his own line of products to his portfolio—a clothing line, of all things.

So far, Stork's unorthodox mix is going gangbusters, in large part, because he knows his audience. Here's a peek at the exciting ride this small business is enjoying.

BSB: What led to your interest in the beauty supply industry?
STORK: I grew up in the beauty business because my dad was a publisher of a trade magazine. I went to my first Chicago Midwest Beauty Show in 1972. Dad was a distributor for Goldwell products for about 10 years, and I worked on that. But I finally decided that my major in economics at Northern Illinois University should be put to work, and I joined McCloud, a telecon company.

So you were destined for business.
 That's what I studied in college. In the end, all these telecom companies went bust—plus, I never really liked the business. My wife kept poking me, saying, "What you really know how to do is sell beauty products."

How did you come up with the name "Salon Memo?"
 It's a double entendre. When we sent out our newsletter we wanted it to be called "Salon Memo," so that also stood for the name of the distributorship.

Please tell us about the lines your business offers.
 Our big line is certainly SOCAPUSA hair extensions. Its parent company SOCAP.SRL, an Italian business, has been around for 40 years and in America for eight years. The manufacturer

What convinced you to bring Retrohair onboard?
 We were doing a show in Minnesota, and some people I'm very familiar with—Tony and Ricardo, the Alieri brothers—were there educating for Retrohair at the time. When I started in this business, they were the leading show team of educators. And that is what I want to bring to my company. I knew we needed the product to create some big seminar shows and build on the popularity of the extensions.

When we added Osmotics FNS, it also fit right into what we look for: niche items. Osmotics is a cosmeceutical company whose main product helps regrow eyebrows and eyelashes. There's only one competitor in the space, so that fits our small company nicely. Osmotics also offers a hair thickening and regrowth line—another good tie-in with hair extensions because it strengthens the hair. So it's a one-two punch.

How did Osmotics come to your attention?
 My wife is an esthetician, and Staci worked with Osmotics products. She kept bugging them to look into what we do. Their skincare line is exclusive to Nordstrom, but the regrowth products weren't well-suited to that environment, so we were an avenue. We've worked with them about seven months now, and we really see the swell coming.



Salon Memo has had great success carrying lines such as SOCAPUSA, Retrohair, Osmotics FNS and FHI HEAT.

We have met with a couple of people lately about a spray-on makeup designed for an upscale salon clientele. A lot of the newscasters and TV people use it, so that fits our profile—something that attracts the high-end user.

There's another line we talked to called Temptu in New York. Nothing has been formalized, but they like what we do and we definitely love their products. I can see something like that in our future.

Now we've created our own clothing brand and have come up with a slogan and trademark: Hair is the Bling. We

dictates promotions that we follow through with.

Please tell us about what sets your distributorship apart from others.
 It's not that we're against salespeople, because I am a salesperson at heart, but I knew that much of any company's sales volume comes from someone beyond the salesperson. The salesperson then sort of inherits and maintains the sale. So most of our sales are created by a salesperson/trainer or educator. Anybody we hire wears different hats and generates sales through classes.

What are some of the surprise benefits you've found from this distribution style?
 Well, we don't have the headache of unhappy salespeople! I definitely didn't want the type of person who—like many salespeople I've dealt with—is just hanging on. They wander from company to company, 'don't really enjoy their job. We have a family set of characters, and I think everybody will be with us for the next 20 years because they all make good money and enjoy what they do. These aren't people that have to do what they are.

How does combining the two positions of salesperson and educator impact job training?
 Actually, it's a huge impact because our clients work directly with the people who trained them. So there's a direct communication—via cell phone, personal numbers—and that's great, particularly with our high-ticket hair extensions. My educators get as many calls as I do, which is an extraordinary amount.

"ANYBODY WE HIRE [AS A SALESPERSON/TRAINER OR EDUCATOR] WEARS DIFFERENT HATS AND GENERATES SALES THROUGH CLASSES."

has about 14 distributors, and it's one of the few hair extension brands that uses a distributor base. It definitely fits our market well because we are able to pay close attention to detail, which you need for extensions. Typically, when somebody needs extensions, they want them by the next day in a specific color.

Next we have a line called Retrohair, a fairly new wet line headquartered on the East Coast. We've had it for about a year. The manufacturer has a strong no-diversion policy, which, for a small guy like me, is imperative.

What lines are you currently seeking?
 One of my advisers says the best way to go, for somebody like me, is to have 10 to 12 niche products instead of one mainstream product. So I am trying to keep to that philosophy. Not that all my products are niche products, but we are looking for them. Nothing that is salesperson-intensive, though. If it's something that requires a pounding by salespeople, we would stay away from it. I guess it's what catches my eye at this point. We now have such a good customer base that I'm just looking to plug things into that high-end marketplace.

recently launched it and have had great success with it at the shows.

What kind of incentives do you offer?
 For the main part, SOCAPUSA is priced to a point and, again, that is the majority of our sales. So we don't need to use promotions, because the salon makes so much money doing extensions. It doesn't help volume to lower the cost by \$5 or \$10. It's not like a shampoo.

Now, Retrohair certainly does offer monthly promotions. And the brand we haven't talked about yet—FHI [HEAT], a styling tool company—



Retrohair is one of Salon Memo's newest lines.

Knowing that we're available keeps clients' comfort levels very high.

Any negative ramifications?
 The only downside that could happen is that we get so busy that my trainers will eventually need assistance to handle the overload. We're reaching the point where we definitely have to expand that group. But, other than that, there is no real negative to it at all.

Have you been able to measure the financial benefits from combining the two positions?
 We don't have people who are just trying to build a territory, so we're not going through the process of growing a salesperson. It's actually reversed: When we bring on an educator, he takes over a full territory.

How do you pay your educators?
 They are contractors who get paid a commission as well as a training fee. That's another philosophy I had. It gives the educators a long-term incentive to stay with us and simplifies taxes for us.

Please describe the classes.
 That is certainly the star of what we do. [We have a] main competitor in the extension world, [and] all of my instructors are previously trained in that brand; so they have two viewpoints. In every class, we have at least two people who switch over. Attendees know they can talk to an educator who will walk them through the transition easily. As a result, we have very strong results from our classes. Salons are able to use our products right after our training, which is how we gauge a good class from a bad one. Not to mention, we have doubled our sales each of our four years in business.

How do you reach salons with the seminars?
 We market through a trade paper and our own direct mailing. We try to separate ourselves from the pack by going where our customers are. Currently, we hold our classes in about 13 cities—the big towns that we do business in. We try to keep classes relatively small, seven or eight, but because Chicago is our home base, we'll have 10 to 15 attendees here.

Please share your philosophy for company management.
 Our philosophy is to find people who fill a need and who already have a set of contacts. For example, one of our employees came from FHI, so she had a built-in customer base to take our other products to. My approach is that you can't break down doors. Most of the people we do business with have invited us in rather than our barging in.

So you don't hire and train rookies?
 We have tried that with little success, so we'll shy away from that in the future. It's just not effective. We are into the "work smart, not hard" philosophy.

What is your strategy for Salon Memo's continued growth?
 Mainly, I would say just to combine the large base that we have with the hair extensions—somewhere around 800 customers—and bring the other brands over to them.

You mentioned that you see 100% growth each year. Was that your goal?
 In my dreams. Now that's definitely a reality. I remember hearing that speech as a child about doubling a penny every day. We are in the middle of that right now—a couple more doubles, and it's going to get very exciting. ■

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