

CONSOLIDATION of the Cosmetology School Sector

Issues, Trends and Consolidation:



Revitalizing and Growing the Association

with Jim Cox

In his six years as the AACCS executive director, Jim Cox's leadership has facilitated a dramatic membership growth and a new feeling of professionalism in the sector. The association now faces new challenges as consolidation sweeps through the sector transforming the traditional small school membership. p.1

Evolving the Image and Building Credibility

with Tony Fragomeni and Tom Netting

Through dedicated efforts and some guts, the cosmetology school sector has transformed its image, raised educational standards, and earned the respect of both the Department of Education and Congress. p.6



Cosmetology's Expanding Opportunities

with Mark Gross

Success has overtaken the cosmetology sector, driven by market demand and often not by anything the respective schools have done. Now the challenge is to meet the demand, grow professionally and avoid the mistakes of the past. p.9

Career Education

R E V I E W

The Career College Information Source

Published by:

WORKFORCE COMMUNICATIONS

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- ▶ The *Career Education Review* is archived by the University of California, Los Angeles (UCLA).

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The Consolidators:



The Regis Growth Strategy

with Paul Finkelstein

The game plan is simple: build a \$100 million school division within a few years or less. With the financial resources of a major public company and dedicated industry know-how, Regis Corporation has become the major player in the current consolidation drive. **p.17**

The Dynamics of Consolidation

with James Beakey

Now is the time to sell your school—the best deals will happen or be on their way to happening by June 2005. Capstone Partners leads the way in the consolidation of cosmetology schools with its sale of the Blaine Beauty Schools to Regis. Additional transactions are in the pipeline, making this firm a major player in the current M&A activity. **p.23**

Advising the Consolidation

with Carol Cataldo

Historically, cosmetology schools have had serious default rate issues, which was directly responsible for the failure of two big chains. With the entrance of companies like Regis, the Department of Education is awakening to the fact that there are some really sharp school owners. **p.27**

Life on the Beach

with Henri Blaine

Henri just wanted a loan to complete his new school, but that effort quickly resulted in the sale (at an attention-getting price) that started the cosmetology consolidation frenzy. Now, a few months later, he is rich, retired and looking for new avenues to apply his creative energies. **p.30**



Building Beauty

with Michael Flecker

Consolidating three school groups in Southern California and Nevada, Marinello Schools have grown to 19 campuses and have become one of the major players in the cosmetology school field. Experienced career college operators, the B&H Education team is hard at work building a common school culture and centralizing management and control functions. **p.33**



Empire Builder

with Frank Schoeneman

Frank Schoeneman's vision for Empire is clear: "To simply acquire and grow is not good enough. The vision is to be a national player, to be the largest, and, more importantly, to be the best provider of cosmetology education in the United States and beyond." Now with 36 schools, Empire is currently the largest cosmetology school group in the country. **p.37**

The New Look of Cosmetology Education:

Editor's Note:

Across the country cosmetology schools have evolved from storefront operations to new freestanding buildings with facilities and deco equal to fine salons. In our home state of Wisconsin, we have two examples of excellence in cosmetology educational facilities. Given that I socialize with both of them (sometimes together), there is no way we are going to suggest who has the better campus. I will suggest, however, that it is from this kind of high-level competition that excellence is born.

– Michael J. Cooney

Realizing the Dream

with Marvin "Rusty" Rushing

The new Vici Aveda campus is very much the crowning achievement of the Rushings' professional lifetime in cosmetology. The school, café and salon occupy a 30,000-square-foot building surrounded with ample parking and woodland, which has generated great retail salon business as well as driving admissions. p.42

Best Practices for Cosmetology Student Success

with John Martin Kwitek

John likes seeing things done the right way, and wants people to know when they're succeeding. Each campus, like the school's computer system, is designed to support and encourage personal achievement from students and staff. With a Euro look and feel, the school and clinic are both striking, and, at the same time, present a welcoming place to start a career. p.46