

# Hair-raising venture offers fringe benefits



Crowning success: Carl Howell with cardboard cutouts of satisfied cricket star clients Greg Matthews and Graham Gooch — Picture: Bob Barker

As the hairlines of the world march relentlessly back, profits at Advanced Hair Studio are marching relentlessly forward, positioning the chain for an eventual stock market listing. **SALLY JACKSON** reports.

**COMPANY** policy at hair replacement chain Advanced Hair Studio is that staff must be able to empathise with what the customer is going through. And, of course, the men must have company hair, which for westerners is sourced from Russia and known in the trade as "virgin European".

So walk into any AHS salon and your consultant should be a formerly balding man now sporting a full head of a Russian woman's hair. Or so says Carl Howell, AHS founder and chairman and one of the pioneers of the Australian hair replacement industry.

Howell's own hair is a masterpiece. A not overly lush but still healthy pale-brown thatch, dappled with silver at the temples and crown, it looks wonderfully real.

"It is real," he says. "I'm the only guy in the company with his own hair."

Howell fell into the hair business during a round-the-world trip in 1973 when he hooked up with an

American whose family had been in the industry for generations. Together they built a chain of 30 hair replacement salons across the US.

Three years later he sold his interest in the chain and returned home, opening his first Advanced Hair Studio in South Melbourne on December 6, 1976, with one employee and several embarrassed customers. His second outlet, in Sydney, opened in 1977 and in 1978 he sold his first franchise, in Brisbane.

Today there are more than 60 AHS studios in 10 countries, including 38 franchises and company outlets in Australia, servicing thousands of increasingly defiant clients.

Howell believes his breakthrough move was placing a full-page ad in Melbourne's *The Sun* newspaper (now *The Herald-Sun*) shortly after opening his first shop.

"It took off straight away," he says. "We treated it as just

another service and the phone rang off the hook — no one had ever seen the likes of it before. Until then, hair replacement was something 'behind the counter' and was never talked about openly."

Last year AHS's global sales exceeded \$40 million, and they are forecast to pass \$100 million in five years. About that time Howell intends to float around 70 per cent of the company in order to raise capital for further expansion and realise some value for himself, possibly seeking listings on several exchanges.

In the meantime the group is launching an aggressive expansion drive, opening a salon in Kuala Lumpur this month, Singapore next month and Tokyo in March, with three additional Malaysian franchises planned to open by April. The company also has a foothold in Hong Kong and is negotiating to open in Shanghai.

Howell says the biggest hair replacement market in the world,

by a factor of 10, is intensely image-conscious Japan, where the two biggest local operators generate around \$1US400 million (\$506 million) a year and have approximately 200 outlets each.

"Europe is our largest market but, if you include India as part of Asia, then Asia is the most exciting market. It is certainly the boom town right now, for hair as much as anything else."

A new AHS outlet opens every month in Europe and the group is negotiating to take over a US firm in a deal which would add around 50 American salons (including some originally started by Howell in the 1970s) and a wholesale distributor to its chain. In terms of coverage, Howell says AHS is already the world's top hair replacement company.

While past growth came from selling franchises, AHS now favours partnerships and joint ventures. Like McDonald's, it is buying back many franchises and all outlets in major cities and

regional centres are now company-owned.

"It is a question of having more control and bigger profits. The profits are in retail rather than wholesale," Howell says.

He estimates the entire hair replacement industry is worth in the high hundreds of millions of dollars, and growing, as the stigma surrounding artificial hair — already dramatically lower than it was 20 years ago — continues to decline, in part through increasingly sophisticated replacement techniques.

"In the old days the hair industry was very primitive — loupes, manufacturing and hair weaving and so on. It was back-door, hush-hush, and not many sophisticated individuals were involved. Now we put a lot of resources and time into research and development," Howell says. "What we are doing today is a far cry from what we were doing in 1976."

Continued — Page 60