



CASE STUDY

# Acquisition Support and Operational Improvements for a Salon Chain

Hair Cuttery is a salon chain operating in the Northeast, Southeast and Midwest. Prior to their bankruptcy filing in April 2020, the chain operated over 800 salons under various brands, including Hair Cuttery, Bubbles, Salon Cielo and Spa, Color Works and Salon Plaza. Following Hair Cuttery's filing for Chapter 11, Tacit Capital LLC, a private equity firm, emerged as the stalking horse bidder and, ultimately, the buyer of the company's assets.



**HAIR CUTTERY**  
FAMILY OF BRANDS

HAIR CUTTERY BUBBLES THE COLOR WORKS cipo

## SITUATION:

### Redefining a Post-Covid-19 Future

Prior to the acquisition, Tacit Capital engaged FTI Consulting to conduct a comprehensive review of Hair Cuttery's operations, including store labor and footprint, supply chain, merchandise and back-office functions. Upon completing the acquisition of Hair Cuttery's assets, the Tacit team worked with FTI to stand up the new organization and execute a subset of identified efficiencies from the assessment.

"In the short term, communicating with key constituents and reopening stores was critical. This was made particularly difficult given the COVID-19 pandemic. FTI's Strategic Communications team ensured that guidance on salon reopenings was communicated clearly, while an IT team assisted on the ground, helping to implement new salon and back-office systems."

FTI's Retail & Consumer Products group then worked to redefine how the salon chain should operate in a post-COVID environment. To set this strategy, the team answered three fundamental questions:

1. Which business units are profitable?
2. Which products are profitable?
3. Which customers are profitable?

## ACQUISITION SUPPORT AND OPERATIONAL IMPROVEMENTS FOR A SALON CHAIN

The answers to these questions helped define which areas of the business were worth focusing on. The analysis resulted in (1) a framework to support reductions in the salon footprint, (2) streamlined products sold at retail and (3) unique customer segments for acquisition targeting. The team engaged across the organization, from salon operations, product and supply chain to IT, finance and HR to redefine its future state.

## OUR IMPACT:

### Reopened Salons While Simultaneously Transforming the Cost Structure

Hair Cuttery was able to re-open 500-plus salons within four weeks post-acquisition.

Furthermore, by reviewing the salons, products and customers, Hair Cuttery executed the following changes that had a material impact on operations and profitability:

- Closed 40% of salons that were flagged as unprofitable
- Reduced SKU count by 46% and vendor count by 42%
- Planned transition to new vendor partner for key product categories
- Updated the IT platform and replenishment process in about three months
- Identified opportunities for segmented messaging, and focused marketing on acquisition

By right-sizing and simplifying the business model, about \$25 million in cost-savings opportunities were identified and implemented:

- Minimal operating platform — reduced corporate headcount and expenses, including real estate and travel
- Redefined the salon labor model to improve compliance and controls
- Revamped salon expenses, including maintenance and telecom
- Increased usage of private branded products, which improved margins

## Client Testimonials

*“FTI always offered to roll up their sleeves and quickly dive in to help in tough business situations (e.g., operating during the COVID pandemic) to provide analytical rigor to unlock value and to make Hair Cuttery a best-in-class player and an industry leader.”*

Seth Gittlitz, CEO

*“Working with FTI on standing up the new company post-bankruptcy proved itself very quickly. They were our equal partners for some of our most complex operational challenges, new system integrations and operating model decision-making.”*

Uri Perry, Transformation Office

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