



ASHESI UNIVERSITY COLLEGE

Business Analysis & Growth Strategy for At Heart Beauty Concepts

APPLIED PROJECT

B.Sc. Business Administration

by

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DECLARATION

I hereby declare that this Applied Project is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

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I hereby declare that preparation and presentation of this Applied Project were supervised in accordance with the guidelines on supervision of Applied Project laid down by Ashesi University College.

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Executive Summary

At Heart Beauty Care Concepts is a hair and beauty care salon located in Santa Maria, Accra. A sole proprietorship business, the salon offers services of hairdressing, interior decoration, make-up, pedicure and manicure, among others. The vision of the business is to be a beauty hub that showcases the excellence of hair and beauty care and thrives on the mission of delivering such excellent services and producing professionals to do same.

Assessing the need in the business took the form of structured interviews which involved the owner, the employees, as well as existing and prospective clients. The assessment revealed that the business had seen very slow growth for about 10 years which had been attributed to the location of the business and the lack of capital for expansion. The findings from primary research revealed somewhat otherwise in that customers sometimes considered location, the efficiency of the business could make up for a disadvantaged location. Also, secondary research which featured models such as the Five Stages of Small Business Growth proposed alternatives to the absence of ready cash for the growth of the business.

The proposed solution is a three-phase plan which was targeted at growing the business from its current state to its desired position with key considerations given to management factors such as management style, major strategy and extent of formal systems in the business. The entirety of the solution can be implemented in 18 months and should leave At Heart as a sole proprietorship business with enough revenue to begin its beauty academy while making use of employees and a more decentralised system in handling the significant demand that the growth of the business will bring.

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CHAPTER 1: INTRODUCTION

1.1 Introduction to The Project

At Heart Beauty Care Concepts is a beauty salon that provides services of hairdressing, interior decoration, make-up, pedicure and manicure, among others. It is situated on Lane 2, Antie Aku, Santa Maria and has a human resource size of 3 including the OWNER. Services of hair care and other beauty-related services are offered in the parlour except for a few cases when the clients request for personal services in their homes.

This first chapter seeks to analyse the environment in which the business functions using Porter's Five Forces and the PEST analysis, as well as to analyse the business itself using the SWOT analysis. It aims at giving a clear context of the situation at hand, introducing the salient issues to be considered.

1.2 Business Profile

At Heart Beauty Concepts was formerly known as Manasseh Hair and Bridal Concepts and was changed to the newly registered name seven years ago. It started off in Sunyani, moved to Taifa, Dansoman and now in Santa Maria. Since its creation, the business has been situated in the residence of the owner, Mrs Adelaide Fosu Whyte, and this explains the location changes. The business is a sole proprietorship business and thrives on the vision and mission stated below:

Vision: To be a beauty hub that showcases the excellence hair and beauty care.

Mission: To provide excellent and transformative hair and beauty care services and to train professionals to spread that excellence

In the next ten years, Madam Adelaide sees At Heart delving deeper into the services they currently offer. Although she would still prefer it to be a sole proprietorship, she hopes to employ more people in the management to help her with the expansion that she wants to see. Not wanting to

have branches that she may not be able to oversee, she prefers a beauty complex that will house all the departments that At Heart specialises in. In her beauty complex, she expects to have her beauty salon with in-built retail space for the sale of all beauty and cosmetic products and accessories. In another area in the complex, she hopes to give more attention to her décor and bridal orders where all such demands will be attended to. The feature she is most excited about is the beauty academy which has been on her mind since the inception of At Heart. The academy, through which she plans to train about 100 students within an academic period, will in addition to her two departments be handled by managers who she will oversee. The idea of extra financing from partners seems to her a good idea, but she would rather have that possibility for her academy because she believes the funding and absence of direct control will be a more feasible idea for the beauty academy than for her salon.

1.3 Rationale for Selection

At Heart Beauty Concepts has remained a small business since its inception over ten years ago. This state is despite the business objective of the salon which is to become a large-scale salon that also operates a beauty academy to train other people to become professionals. This project seeks to thoroughly investigate why the business continues to remain small despite the OWNER's desire to grow the business and propose a blueprint to direct the growth of At Heart Beauty Concepts. Since most hair care salons operate like At Heart, the project could become a reference point to all such business, serving as a guide to help with the growth of small Ghanaian businesses in general.

1.4 Overview of the Hair Salon Industry in Accra, Ghana

The Hair Salon industry comprises businesses who mainly provide hair care services to both sexes. Even though hairdressing and barbering services, overtime have traditionally dominated this industry, it has in response to growing demand, included ancillary services such as hair modification treatments including straightening techniques, perm and hair dyes, skin care services

and massages (Ibis World, 2017). Currently, some hair salons in Ghana provide pedicure and manicure, nail care and spa services despite identifying as being specialised extensively in hair services. It is an industry that is primarily influenced by fashion trends and technological advancements, leading to the growth of large salon chains and exclusive salons such as First Choice Hair and Beauty Salon, Kenzo's Place, Niobe Salon and Spa, among others (Eayrs, 1993). The above listed are typical examples of salons that master the art of hairdressing and care but also extend their services to include other beauty areas. Nevertheless, other hair salons are rising that secure their competitive advantage in being specialised in a particular area of hair care. Twists and Locs Salon, Eya Naturals and Beauty Buffet Natural Hair Salon are a few of the many such specialised salons that cater only for naturally kinky hair and lovers of various types of hair locks. Amidst these developments, however, because a majority of salons are small and independently-owned, the industry is reputed for being a low-skilled or unskilled sector where just 'anybody' can set up (Eayrs, 1993). Regardless of this, there has been a massive growth of the industry accompanied by technological advancements, as well as improvements in cosmetic, beauty and hair products. Also, professionals are increasing in the field through state regulatory frameworks and vocational and educational training through certified apprenticeship and private institutional training (Imoro, 2014).

1.5 Industry Analysis

An analysis of the external environment of the industry is necessary because it creates an understanding of the competitive forces that surround any business. For the analysis, the tools used were Porter's five forces and PEST Analysis. The five forces as propounded by Porter (2008) reveal the sources of an industry's profitability as well as the factors that should be considered regarding competition over time. It was chosen in addition to the PEST analysis because of the

former's focus on the competitiveness of the industry which invariably affects the profitability of the industry and its specificity to the industry. The latter was chosen because it analyses variables that are beyond the control of a firm and how changes and the effects of such variables affect the firm's competitive position (Sammut-Bonnici & Galea, 2015). According to Michael Porter, the five forces that affect an industry's profitability are the threat of new entrants, bargaining power of buyers, the threat of substitutes, bargaining power of suppliers and rivalry among existing competitors.

1.5.1 Using Porter's Five Forces

- The Threat of New Entrants

This factor is usually dependent on the barriers to entry into the industry and on the retaliation that should be expected from incumbents in the industry upon entering the market.

On the whole, barriers to entry are relatively low which accounts for the presence of a hairdressing salon at every corner. As a result of the many businesses that spring up, as a result, those that usually stand out are those who find a niche market to build their brand around (Bearne, 2015). With regards to retaliation, existing salons have not been known to react openly to newly established salons. In conclusion, the threat of new entrants in this industry is relatively low and can be projected to have a negative impact on profitability.

- Bargaining Power of Buyers

The buyers in this industry are the customers—the clients who patronise the businesses. The nature of the service provided by the industry is such that it may give the customers negotiating leverage as the services have subjective differences but are usually standardised. This may also be because

buyers face little or no switching costs. However, most customers do not price sensitive as the cost of the service does not form a significant portion of the budget of consumers.

The bargaining power of buyers in this industry is considered moderate because even though buyers do not, they could exercise their negotiating power at any point in time.

- Threat of Substitutes

A substitute service performs the same or similar function as the service in question. Considering the services offered by hair care salons in Ghana, an alternative will be the option of a Do-It-Yourself (DIY) hair care practised at home by prospective clients. This option usually thrives in an environment where there is availability of information as pertains today due to the internet. The existence of hair care video blogs (vlogs) on Youtube, hair-based websites and social media platforms such as Instagram and Pinterest constantly make information available with regards to what hair products to use, how to style and maintain one's hair; all information and services that are offered by hair salons. This time-consuming but cost-effective option is one that is largely being considered especially in a technologically-inclined era. In addition, the option of free-lance hairdressers meet the need of customers who prefer a one-on-one service in the comfort of their home (Coleman, 2013). This new trend is a growing one but not so significant to become a threat. The threat of substitution is therefore low currently and as such profitability is not likely to be affected with regards to the threat of substitution.

- Bargaining Power of Suppliers

The key suppliers to the industry are hair product owners that make products available to the hairdressers. With regards to hair product owners, even though the industry relies on the products produced by these suppliers, because of the highly fragmented nature of suppliers and the minimal

differentiation between their products, their bargaining power is not as high. However, as a few products have salons of their own, there is the risk of their threatening to forward integrate. This risk, however, is not as high as the salons they set up will not be able to match up to the number of independent salons there are and may not have as much demand.

Moreso, the existence of associations such as the Ghana Hairdressers' and Beauticians Associations (GHABA) and National Association of Beauticians and Hairdressers (NABH) allow for hairdressers to present themselves as a unified body in gaining negotiating leverage from the hair product owners for purchase of products.

Suppliers are hence not as dominant as the body of buyers that they have in the hair care industry in Ghana but do command some amount of bargaining power.

- Rivalry among existing competitors

The hair care industry can be roughly put into two categories; small ones and large ones. The categorisation is necessary because, with regards to a competition based on price mostly, these categories function differently.

In the small salon category, in which At Heart belongs, salons are mostly owned by illiterate or semi-literate owners or literate owners but in a location dominated by literate or semi-literate inhabitants. Their market consisting of primarily low-income persons tend to compete largely based on price. The large salon category, on the other hand, is a result of salon chains, large or multinational salons in the Central Business Districts or highly commercial areas with semi-literate or literate owners with substantial capital. Competition in the large salon category is mostly based on products used, quality of services, brand image and celebrity endorsements, which in the long run increases the profitability for that category.

Profitability in the small category, which is a point-in-focus because of At Heart, can, therefore, be affected by this factor.

1.5.2 Using the PEST Analysis

- Political Analysis

Ghana is one of the countries that can boast of the most stable political environments. Its score of 72% speaks to the fact that their print, broadcast and internet-media enjoys freedom. That 78% of Ghanaians believe that they are free to say what they think also gives rise to the fact that the country enjoys the freedom of expression (UNESCO, 2012). However, Ghana continually scores low on corruption and has done so since 2008. It scored its lowest its lowest in 2017 since 2012 with a score of 40 out of 100 ranking 81st out of 180 countries on the Corruption Perceptions Index (Transparency International, 2017). Currently, credit facilities are made available for small and medium scale businesses in the form of loans for start-ups in line with the current President's commitment to growing small and medium-scale businesses. The 100-million dollar package that has been set up by the President to fund the National Entrepreneurship and Innovation (NEIP) is an initiative which is aimed at supporting entrepreneurship. This will help the economy to promote new business creating a haven for businesses (Allotey, 2017).

- Economic Analysis

The economy of Ghana, which has seen downturns in the past is predicted to be one of the fastest growing ones in 2018 with a growth rate of 8% owing to the increased export of oil and gas production. The inflation of the country has seen a persistent fall from the end of 2016 allowing it to reach a 10.6% as at February 2018, its lowest since 2013. This has allowed for the country to make changes in their policy rate. Concurrently, the GDP growth of the nation reached its 2.5% in the third quarter of 2017 surpassing the yearly average of 1.83% from 2016 to 2017. This

places the economy in a safe place for the thriving of start-ups and the growth of existing businesses with a GDP of USD 42.69 billion as at 2017 (Trading Economics, 2017).

Socio-Cultural Analysis

Ghana's population of over 27 million can be described as a youthful population with over 57% of the population under the age of 25. Out of this number, about 2.3 million people live in Accra, the country's capital, which is also the area under study (CIA, 2018). With a ratio of 99.03 males to 100 females, it can be deduced that about 50.485% of the population are females. Seeing how much the hairdressing industry influenced by fashion, a safe assumption will be that out of the people living in Accra, the majority of them would be young ladies; making available a good target market for the hairdressing industry in Accra, Ghana. Influencers for young people in Ghana fall in the category of actors and actresses, musicians, social media influencers, etc. in Ghana who strive to make an appearance in fashion, giving further room for the hairdressing industry to thrive in Accra.

- Technological Analysis

Being the first country in sub-Saharan to launch a mobile cellular network in 1992 and one of the first in Africa to be connected to the internet, the state exists as a pioneer of technological advancements in the African continent. As at 2016, about 35% of the population were active users of the internet with over five cellular networks in existence in the country. With over 76% of the population being literate, as well as the continuous being made by the government to inculcate technology in the educational path of young people, the country can be described as a hub for technological advancements which might be needed in multiple sectors in the country (CIA, 2018). Tying into the technological improvements that have been realised in years past for

the hairdressing industry, the Ghanaian hairdressing industry will have room to experience all the technological growth it needs to have.

1.6 SWOT Analysis of At Heart Beauty Concepts

Strengths <ul style="list-style-type: none"> • Accreditation from GHABA and renowned hair companies • Up-to-date with new hairdressing trends • Reduced operating cost • Hygienic working environments • Commitment to hair care education 	Weaknesses <ul style="list-style-type: none"> • The absence of active marketing strategies and internet presence • Poor location – away from town • Lack of a cash management system • Inconsistent presence of the OWNER
Opportunities <ul style="list-style-type: none"> • Growing online engagement for hair care • Sale of hair care and beauty products • Strategic business partnerships • Increasing avenues and ancillary options for the hairdressing industry 	Threats <ul style="list-style-type: none"> • Price sensitivity of clients in small sector category • The decline in the Ghanaian economy • Invasion of freelance hairdressers • Changes in consumer preferences

- Strengths

- i. The OWNER, Madam Adelaide has been a member of the Ghana Hairdressers and Beauticians Association since 2004. As such At Heart Beauty Concepts has accreditation from the association. As a result of this, the association grants the salon access to both long and short professional courses from large hair companies such as Soft Sheen Carson's Dark and Lovely, Olive Oil, etc. which are displayed in the salon to assure clients and visitors of the credibility of the services provided.
- ii. At Heart's active participation in all programmes offered by GHABA allows for it to remain updated with innovations in hairdressing from all over the world especially regarding the treatment of African hair.
- iii. A significant competitive advantage the salon has over its neighbouring competitors is low cost of operations. Provision from the government in 2015 made available solar panel systems for hair practitioners in the GHABA Accra zone, providing not only constant electricity but reduced cost of power. As such, the salon relies predominantly on solar energy and switches only to hydroelectric energy when the batteries die out.
- iv. At Heart believes strongly in hygiene and hence prioritises such conditions at the workplace. Even though sanitation is an industry standard, it is not one that is upheld all the time in some salons. At Heart's prioritisation, therefore, makes it a strength for the business. Among the measures taken to ensure hygiene is the use of a tabletop ultraviolet UV steriliser for all the tools used in the salon, constant washing of towels and sweeping of the working which is not as often done by other salons in the competition area.
- v. At Heart continually educates their clients on why they employ the processes they go through as well as the products used on their clients' hair. They also provide information regarding how clients can personally take care of their hair so that their hairs are adequately

managed at all times. This extra service is uncommon among hairdressers in Ghana, creating an advantage for the salon.

- Weaknesses

- i. At Heart since its inception has never deliberately set out to market itself. Majority of their clients found out about the salon through customer referrals by word of mouth. This is further worsened by their absence of an internet presence. Their current approach is a passive and an ineffective one which usually results in low awareness which affects growth.
- ii. Located on the Lane 2 Street of the Antie Aku Community, At Heart lies at the end of a road network that is not pleasant to travel on. It is also situated deep in the community much away from the busy area of town inhibiting to some extent the marketing that the location could provide for the business.
- iii. At Heart does not have a cash management system. It employs a method where even though profits made are channelled back into the business, a more considerable portion is taken out of the business. With no other source of income, the financial stability of the firm is not secured.
- iv. As a wife and mother to a family that does not stay in the same geographical location, the OWNER disclosed that the priority she gives to her family makes her unavailable sometimes at work. This affects work for clients who only want their hair needs to be met by the OWNER and no one else.

- Opportunities

- i. The digital age has seen an impact on the hair care industry as well. As such, there is a growing online environment around hair care that allows for salons to create internet

presence to reach people beyond their geographical scope. There is also an avenue for information on general hair care which is making the industry thrive digitally.

- ii. There is also a growing avenue for the retail of hair care products such as hair extensions, hair creams and relaxers, hair accessories, etc. This helps to increase the income that hair care businesses can look forward to. It also helps to secure customers as specific consumers end up fixing their hair wherever they can get the accessories they need for their hair.
- iii. An equally growing opportunity in this industry is the strategic partnerships that salons could build with other non-related businesses especially those in corporate environments such as banks, etc. who have tight schedules. It could be contracted so that services of the salon will be offered to the employees of such places, giving almost-ready demand for the salon.
- iv. The linkage of the industry to trending fashion demands has increased avenues and ancillary options for the hairdressing industry. As such, the services a hairdresser can provide is expanded which not only makes room for the acquisition of new skills and enlarging their scope but also an avenue for increased income.

- Threats

- i. The existence of a lot of small category salons makes a more significant part of the industry compete on price. Not only does this put a cap on profitability but also affects the quality of the services provided in the industry. This also gives room for others of little expertise to enter the industry as they would charge low prices and still get demand for their services.

- ii. A boost or decline in the overall economy of the country, Ghana, affect the patronage of the services offered in this industry. Small-scale businesses of all sorts like all other businesses usually see a fall in demand whenever there is a change in the economy, posing as a threat to the market.
- iii. There is also an invasion of freelance hairdressers which might be a preferred option for those who would want to have services in the comfort of their homes. Even though some hairdressing salons adopt such methods of service in addition to the traditional salon parlour care, it is not one that is most often resorted to giving room for freelancers to make a profit over conventional services.
- iv. Due to the fast-paced nature of our world now, consumers have resorted to the use of wig caps, braids that will last for long periods, and anything that will not take as much time from them. This affects demand in that it reduces the frequency of customers at the salon.

Chapter 2: PROJECT NEEDS ANALYSIS

2.1 Needs Assessment

According to Barbazette (2005), a needs assessment is the process of collecting information on an organisational deficiency or need. Witkin and Atschuld (1995) describe a need as the discrepancy between what is and what should be. Hence, the assessment is a step towards assessing any organisation to reveal traits that are at the core of situations in the organisation. This chapter aims through the analysis to discover a deficiency at At Heart Beauty Care Concepts to set the project off at solving the identified need. The research questions that are being answered in this section are:

What are the existing factors at At Heart that can be improved or done away with to enable them to do better than they are doing now?

What method is being employed by other cases in the industry that can be innovatively applied to improve At Heart's shortcoming?

2.2 Methodology

To gather the needed data, exploratory research design is used because of its ability to formulate a more precise investigation from an operational perspective. It is chosen over the descriptive research because rather than a rigid approach where there are difficult decisions concerning operational procedures, it follows a flexible approach making room for outcomes to be revealed about operational systems. It also allows for an opportunity for the consideration of different aspects of a problem. Owing to the research design selected, a non-probability sampling method is the most employed where participants are deliberately selected based on the roles they play and their significance to the expected results (Kothari, 2004). Using the qualitative approach, the research leans more to the subjective analysis of attitudes, opinions and behaviour. As a result of

the method selected, tools used included interviews, which comprised face personal and phone interviews, as well as observations.

The needs assessment analysis targeted the labour force at the salon made up of the OWNER and the employees, as well as the five clients of the salon, to get a holistic idea of what needed to be worked on in the business and five potential customers.

The first set of interviews were done with the OWNER to analyse the internal and external environment in which the business operated to get a feel of the context in which the need was to be found. Findings also bordered on what needs had been already detected by the OWNER and how much she saw it in her power to make changes.

The second set of interviews were aimed at the labour force of the salon. Questions were aimed at assisting them to walk us through their day-to-day activities to enable the detection of an activity that was below the industry standard. These questions revolved around the mission, vision and strategy of the firm over the years, the likely or known impediments to the business and how it has been addressed as well as usual complaints of clients. These were aimed at looking at the business through different lenses to identify issues that had been overlooked in the past but which might be pressing to the business.

The final set of primary research revolved around the clients and prospective clients of the business. Samples were chosen based on non-probabilistic sampling methods, specifically volunteer samples. These allowed for any of the clients to give feedback as and when they wanted to without any focus on certain clients.

The study further includes secondary research where existing literature concerning the growth of small-scale business to medium and large-scale ones. Case studies will also be derived from existing business that have a story to tell regarding their growth from small to large scale business.

2.2 Findings from Primary Research

As mentioned before, the primary research revolved around existing and prospective clients, the current employees and the owner of the business to gather first-hand information about the business to enable for the discovery of the need the business was facing with respect to the context of their environment.

2.2.1 Views from the Owner and Employees

From the interviews with the owner of the business and the employees, the points below are their synthesised views: Location influences pricing more than the quality of service

- Location is vital for success and the growth of a salon as it influences publicity and the category of clients a salon attracts.
- At Heart is faced with issues of having to charge less because the clients do not understand the constituents of hair care and the value it should receive.
- Price reduction will be unhealthy for the financial sustainability of the business and would not make sense as it is less than the industry standard.
- Quality of products and services are a justification for pricing of services offered.
- Use of excellent products is vital for good health care but not always appreciated by clients

2.2.2. Findings from Existing Customers

- Recommendations are an active marketing tool when a brand is not so strong.
- The impact of location in the choice of salons is an influence that varies from person-to-person.

- Relationships with the owner or employees of the business can be an influencing factor for client loyalty and subsequent referrals.
- Convenience is a good start for choice of a salon.
- Price-efficiency ratio override want for cheap services

2.2.3 Findings from Potential Customers

- Customer loyalty is rare for users of salons: patronage of salon services is based on certain services offered say shampooing, fixing of weave-on, hair dyeing and tinting among others.
- A large space, a good spatial design and a well-thought through aesthetics which appeal to customers could keep a client glued to a salon.
- Relations that clients have with each other such as family or friend ties could also be an influencing factor for the patronage of salon services.
- Ancillary services that revolve around food could be an untapped market for hairdressing industry.
- Customer service stands out as the most sought-after consideration in the choice of beauty salons. Other considerations include cleanliness and hygiene, the relationship between employees, price-efficiency ratio, location-efficiency ratio, speed and the strength of a brand.
- The most patronised salons will be those that are most-efficient in one service and not necessarily those who provide a wide range of services

2.3 Problem Statement

At Heart Beauty Care Concepts, which has been in existence for over ten years has not grown significantly since its inception. With a passion to develop to eventually become a beauty academy to train other beauticians who are not only after the money but who are passionate about the right way to treat hair, the management has a shallow idea regarding how they would grow in the coming

years. Attributing the main impediments of their growth to their location and lack of adequate funds, the salon is not actively pursuing any measures towards their growth as their growth perspectives have been defined by the fact that only through a change in two factors will their salon grow to be what they expect it to be.

This project is aimed at analysing the business of At Heart Beauty Care Concepts to identify which areas need to be improved to become a competitive advantage for them and which things need to be done away with as they scale up. The project will also discover other considerations to be paid attention to aside location and funding if to be considered at all, that is a necessity to planning out a growth strategy for the firm for the coming years.

3.0 Mastery of Subject Matter

3.1 Small Businesses

A small business as defined by the American Committee for Economic Development is one that has independent management usually being the owner and has capital supplied and held by an individual or a small group. The area of operations for a small business is mainly local with workers and owners in one home community (Scott & Bruce, 1987). The small-scale business is also defined by the Bolton Committee in an "economic" and "statistical" way as a business that has a relatively small share in the market and which is managed by owners or part owners in a personalised way such that it is not necessarily maintained in a formalised way. It is also an independent business in that it does not form part of a large enterprise necessarily (Kayanula & Quartey, 2000). Both definitions rightly acknowledge that characterising a business into a small one is based on its management style, the source of capital and ownership.

Usually, growth for small businesses is defined by an increase in the assets, employees and the amount of revenue that comes through the business as a result of sales made in the firm (Heshmati, 2001). With an influence from Bjerke and Hultman (2004) and for this study, the growth of a small business is defined as the ability of the firm to innovatively grow their brand which reflects itself in an increase in the size of clientele, assets and services offered.

3.2 Small Business Growth Strategies

Despite the attempts made to classify small businesses using certain criteria, the range might be so broad that firms that fall in the small business category may have several differences. Churchill and Lewis (1983) argue however that amidst the seemingly significant differences, a careful look will portray that they face similar problems based on which stage of development they are at every point in their growth. Greiner (1972) agrees with this principle of similarities in the small businesses based on the steps suggesting even further that the consideration of the history of the

firm can help in the anticipation of future crises to ensure businesses are sufficiently prepared for it. This theory gives insight into the scaling of a business, leading to the propounding of the doctrine of the Greiner, growth model.

3.2.1. Greiner Growth Model

The model which assumes time as the only variable factor is based on a series of six phases that firms go through as they grow from being a small business to a large one. According to Greiner (1972), every phase ends with a crisis which ushers the firm into the next phase as seen in Fig.

3.2.1. There is equally the assumption that all firms go through all the six stages over the years or die while going through it. The business starts off at the **creativity stage** where the business is driven by the force of the founder and the new ideas. This leads to the creation of new products and services which simultaneously create value for the business. At this phase, innovation is a key driver and comes naturally compelling people to do whatever needs to be done to get things going. This fast-growing phase is met with a **leadership crisis** where the leader may not be able to match up to the complexities expected to require a more improved structure. Entering the second phase sees **growth through direction** where functional managers are employed to manage primary processes allowing for more formality and standardisation. Owing to the employment of functional managers, coordination problems may arise as the owner still coordinates the firm. This leads to the **autonomy problem** as managers require autonomy to function better. **Growth** after that will be **through delegation** where important tasks are delegated to these managers making them head functional divisions and meet set targets and goals. A **management crisis** arises at this phase where the divisional managers are likely to plot their course so much so that the company might break up as a result. Moving on, **growth** is expected to be **through coordination and control**. Here, there is improved coordination between the various departments where there is a headquartered authority that manages divisional heads. The fourth phase ends in the **red tape crisis**

where there are inflexibility and bureaucracy as a result of the attempt to control all activities. Fixing this results in the **growth through collaboration** where the rigidity of formalities are replaced with cooperation between line and staff creating a professional good sense through consultations. The consultations end up in a pitfall leading to an **internal growth crisis** where growth becomes stagnant because of challenges in growing further which would be likely to increase the rigidity of the systems. The model ends with the sixth stage where **growth happens through alliance** such that the pitfall of internal growth is tackled by considering external approaches to growth such as mergers and acquisitions (M&A), partnerships and collaborations with other businesses.

Assuming this format works, there will undoubtedly be crises beyond the sixth stage, but the model ends at that phase, discussing no more after that. Riley (2015) in analysing this model noticed that the model works on the assumption that every business will go through the said crisis after they grow through a particular stage. This might be problematic as not all businesses will grow through the said crises before they move to the next step. Also, it is interesting to note that the model does not state how long it will take for the expected growth which might be very essential in the dynamics of our current world.

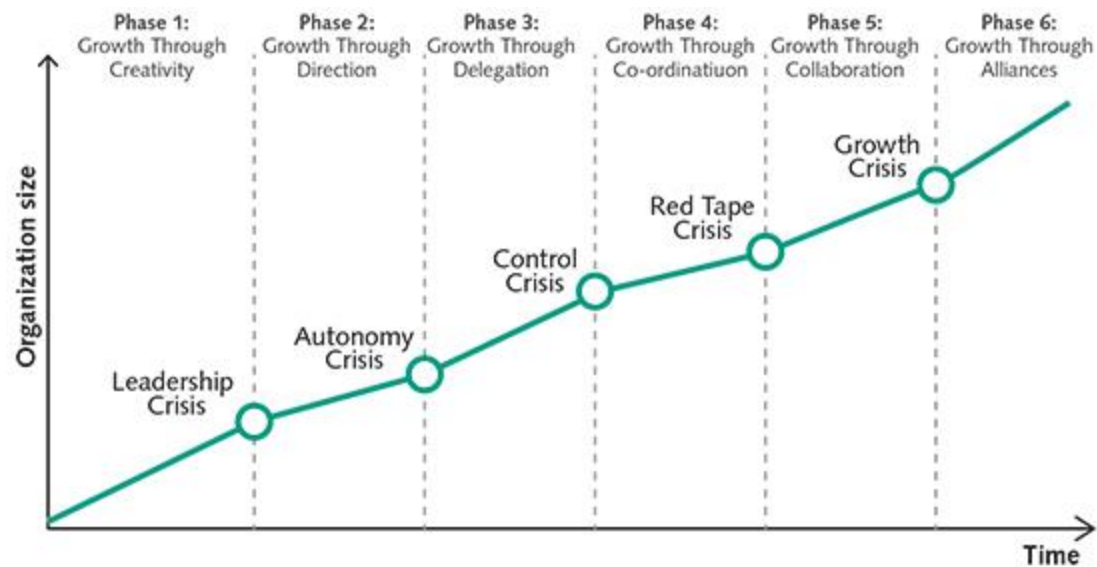


Fig. 3.2.1 (Churchill & Lewis, 1983)

3.2.2 The Five Stages of Small Business Growth

Churchill and Lewis (1983) disagree with the accuracy of Greiner growth model pointing out flaws such as the assumption that a firm must pass through all the stages or die while trying. They also argue that the framework fails to capture the important early stages of the company's growth and the origin and characterises company size largely regarding annual sales, ignoring other factors such as value added and complexity of product line. Claiming their five-stage model is a better one, they start off explaining that at every stage of a business' development, certain traits were evident. Classifying these traits under five management factors known as managerial style, organisational structure, the extent of formal systems, major strategic goals and the owner's involvement in the business, they identify a business' current stage based on the levels of those traits they exhibit.

Hence, in Stage, I, the **existence stage**, the most significant challenge of the business is to obtain and secure customers and deliver their required product or services. The entirety of the business rests in the owner who performs all critical tasks as well as the provision resources. The owner's

involvement in the business is the highest here as all resources and capital for the running of the business are provided for by the owner.

In Stage II, the **survival stage**, the main issues to be dealt with revolve around revenue and expenses. At this level where decisions are still to a large extent made by the owner of the company, the challenges faced border around generating enough cash flow to either break even and to cover repair and replacement or stay in business to finance growth to a sufficiently large size. If the company is fortunate enough to grow in size and profitability, they are likely to move into Stage III, known as the **success stage** where there is the option of Substage III – Disengagement or Substage III – Growth.

The **substage III – Disengagement** is characterised by economic status, significantly big size and average or above-average profits creating a safe space for the company. The firm could remain there as long as there are no environmental change or management inefficiencies to destroy its market niche or competitive abilities respectively. This phase sees the addition of functional managers and professional staff and most companies remain here because their product-market niche does not allow for growth. Options available in this stage include selling the business off or merging it with other firms for profit. Otherwise, it is closed down or falls back to the second stage of survival. In the **substage III – Growth**, the firm actively works towards growth ensuring that the profitability of the firm is not jeopardised so that there are enough resources to support the growing demands that come with expansion. With the owner being the most active in this stage as compared to other steps, there is the need to hire managers that can steer the company in the direction of their future goals through their operational planning process. Being unsuccessful at this stage might result in shifting to the Disengagement level if causes are detected early enough. If not identified soon, however, there might be the case of bankruptcy resulting in a fall to the

survival stage. Succeeding in this third stage will set the firm off into the Stage IV which is the Take-Off stage.

The Take-Off stage deals mainly with how to finance an expected rapid growth. Issues that come up include those of cash where there are questions about the owner's willingness to tolerate a high debt-equity ratio and a cash flow that is maintained amidst expenses and flawed investment decisions. Delegation also asks questions as to whether or not responsibility can be delegated to improve growth and be monitored so as not to result in negligence of duty. Decentralisation is ever so prevalent in this stage meaning that managers involved should be competent enough to handle the divisions. Success in this stage will open the doors for the business to become a big one moving to the fifth stage. An attempt to grow too fast, inability to delegate responsibility and mismanagement of funds will usually be the reason for the firm's failure to survive this stage.

Stage V is the **resource maturity stage** where a company's most significant concerns are to control the financial wealth brought in by the growth while retaining the advantages that come with a small size including entrepreneurial spirit and flexibility of response. Professionalism is vital as well through the use of tools such as budget creation, strategic planning, standard cost systems, etc. Systems are well-developed and extensive allowing for the business and the owner to remain as different entities. Preserving the advantages of the firm can enable it to be the big company it wants to be.

EXHIBIT 2 Growth Stages

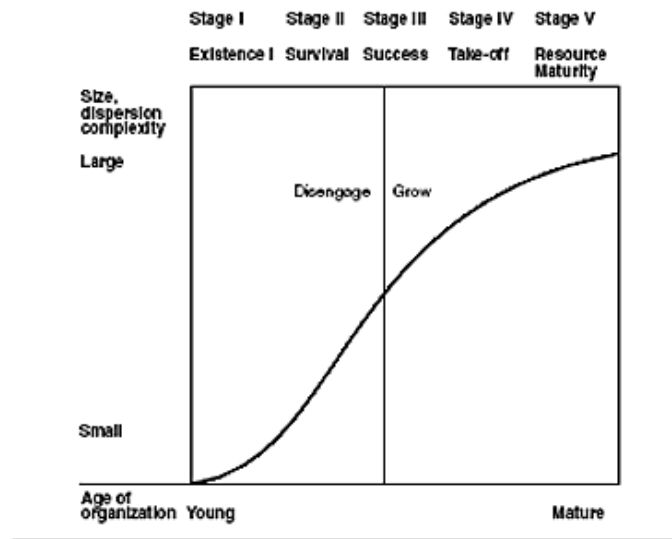


Table 3.2.2 (Churchill & Lewis, 1983)

This approach differs from that used by the Greiner growth model in how the classification of businesses is done. Rather than classifying businesses jointly along with the stages by size, the five stages model makes room for practicality explaining that it is a rare case to find business fully exhibiting all management factors in a particular management stage. Hence, a business with a lot of cash could still have the owner at the helm of affairs practising the management style of supervised supervision and yet actively pursuing growth. This model can be analysed as a more practical one as a result.

3.2.3 Customer Development Model

Steve Blank (2005) in his book, *The four steps to the epiphany*, analyses the Product Development Model and draws the conclusion that there is a missing aspect of the model which involves discovering the markets for products and identifying first customers as they validate and grow their business. The Customer Development Model (CDM) is hence a model which focuses on

developing the customer base of any firm through understanding the needs and problems of the customer and working actively to meet that demand such that the firm can safely transition from one of learning and discovery to one that is ready for execution. It includes four steps which are Customer Discovery, Customer Validation, Customer Creation and Company Building. A major difference between this model and other traditional models is the iterative ability that each step in this model possesses allowing for a firm to make as many safe mistakes as possible before getting it right.

The **Customer Discovery** stage is aimed at discovering who prospective customers for a product will be and whether the problem that the product attempts to solve is being met with the solution. Beyond merely assessing the needs of the customer with regards to the product, the stage seeks to discover whether there are customers and a ready market for the product. **Customer Validation** follows with the aim of establishing that a product has attracted certain customers who are satisfied enough to part with a few notes for the product. It is also backed by positive reactions from them about the product. This stage verifies the market of the product and rests on the claim that as long as you can get a group of repeatable customers with a repeatable sales process, there would be a profitable business model. It is only after this stage has been confirmed can the firm safely move to the next step where the success created in this second stage is built on. If at this stage, business owners are still not as confident in their success, they can always head back to the Customer Discovery stage and return to this stage.

In **Customer Creation**, the idea is to build the company on its initial sales rather than extending an invitation to treat to the world. This ensures that heavy marketing is channelled as the firm works towards its first customers, securing its most precious client asset. However, as a result of the different start-ups and the markets they enter, processes in this stage may vary. A business

entering existing markets may have to spend much more on building their brand than for those entering an entirely new market. Identification of the Market Type is critical in going through this stage as a lot of money might be spent mindlessly as a result. A company that has successfully secured its customers has been able to validate that a market for the product exists and has put in careful marketing to lock down end-user demand will need to move on to the **Company Building** stage. In this stage, there is the transitioning of the company from its informal, learning and discovery-oriented customer development to formal departments with VPS of Sales, Marketing and Business Development. This starts the formal of company establishment and allows for functional departments to handle sectors better.

This model, while it provides some insights into how an enterprise may grow, may not adequately explain the challenges of small businesses like At Heart because its strong focus on a product might mean that assumptions made that shaped the model were advised by characteristics of products and not necessarily of services.

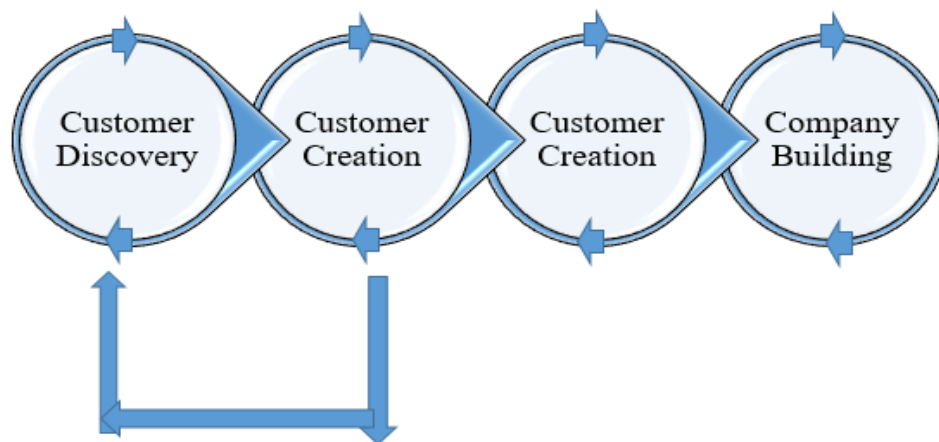


Fig. 3.2.3 Customer Development Model

3.3 Case Studies

To test the strength of the models that were proposed, the theories were analysed by testing them on businesses in the Ghanaian hairdressing industry who have over the last 15 years experienced significant growth. This field employed the use of structured interviews for two salons: one tailored to suit all types of hair and beauty services and the other skewed to attend to the needs of naturally kinky African hair. I will call the businesses Alpha and Beta

3.3.1 Case Study 1 - Business Alpha

Established in 2006, Alpha, located along a busy street in Accra has been in existence for about 12 years and had an employee strength of 12; 11 line workers and one staff worker. Among the line workers, three are considered seniors, five intermediaries and three juniors. The breakdown of this employee system shows the employment of delegation strategies in the salon, specifically Supervised Supervision. Hence, work done by junior or intermediate employees is overseen by senior employees who have more experience. With a customer base of about 5000 people, Alpha is a sole proprietorship business which the owner considers to be on the pathway to being a large business. As growth in Alpha means an increase in the popularity of work, which translates into an increase in clientele and hence revenue, Alpha can be considered to have grown over the years in its case making it worth studying.

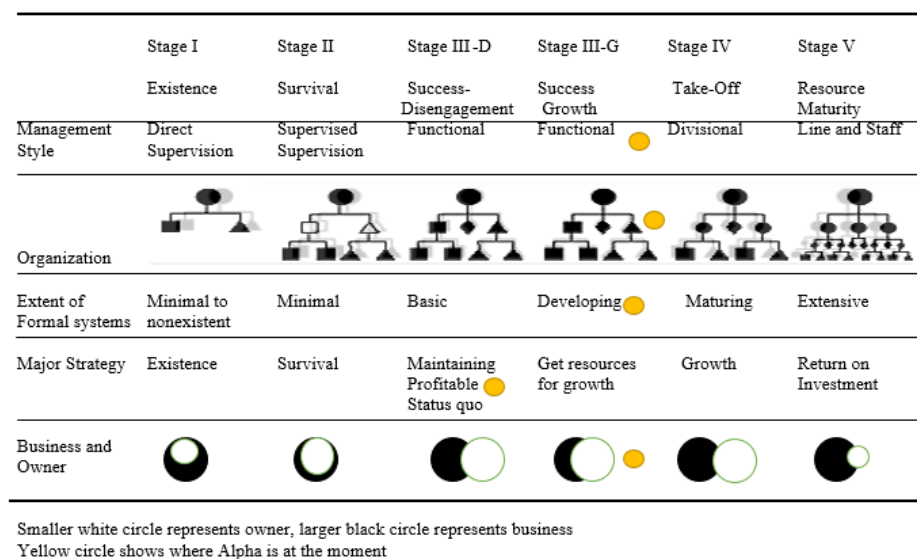
The stages Alpha went through in its growth can be likened to the stages spoken about in the *Five Stages of Business Growth* with similarities to the *Customer Development Model*, as the business started off with the business being the same as the owner. In the state where the owner did everyone's hair and was establishing effectiveness and competence with clients, the business was going through the Customer Validation stage of CDM and the Existence Stage in the Five-Stage Model. Alpha did not consciously go through the Survival Stage and Growth stage in the stated hierarchy but ended up training more workers to create a level of efficiency with them so that

clients could trust the work of the employees as much as they believed that of the owner. Beginning with two workers, the bulk of the work had to be done by the owner because of the level of expertise until slowly skills were consciously built in the employees. This took forms of having them come in for extra training days, staff meeting to talk about needed etiquettes such as proper dressing, relations to clients and acceptable working habits. Eventually, as delegation was successful with the line workers, it allowed for more delegation in the hiring of functional workers: a receptionist to handle with record keeping, a driver to make purchases for the salon and a cleaner to start with cleaning before the working day began. This helped to separate the owner from the business further as is a key feature of the Growth stage.

With the employment of both staff and line workers, Alpha showed evidence of being in the Take-Off stage with its organisation and management style. This stage also came with a lot of changes in the form of an increase in equipment and enlargement of space to accommodate more specialised rooms such as the drying room, the wig room and a store room. In this, the business is seen to be approaching the resource maturity stage where the vision of the business is actively pursued as financial resources, strategic planning and human resource are being made available. Alpha, however, has just one branch as the owner believes that establishing multiple offices could affect the quality of the work. Linking this to the argument made by Charles & Lewis (1983), as growth is based on other factors aside metrics such as the number of branches, the business can still be described to be on a developmental journey. Moving forward, plans are underway to improve delegation through the employment of a manager and an extra front-desk administrator to ensure that the needs of the clients are met to the fullest through record taking of bio-data of clients. Traits of company building are hence seen as the business makes a transition from an

owner-controlled business towards divisional management, more formal and divisional and functional departments.

Delving more into the maturity of the company's resource, the salon hopes to run a beauty academy where training of all employees will take place. The academy will also be open to train other young ladies in hairdressing, and other core studies of education such as Science, Math and English so they appreciate the Chemistry in hair care. The business is considering a partnership in the building of the school to help with both the administration and the funding of the school, veering away from the sole proprietorship approach for the salon. This is a quest the business is on to generate resources for the growth of the business. Amidst the competition that the owner admits exists in the industry, as a result of the continuous demand for the services of hairdressers and beauticians, standing out secures demand for any salon that is continually updating itself with the trends and the new techniques of hairdressing and care. Fig. 3.3.1 shows Alpha's current stage of



development.

Fig. 3.3.1

3.3.2 Case Study 2 – Business Beta

Beta is a much younger business which was established only a year and a half ago and has an employee size of 11 and two branches in two different regions in Ghana. Describing themselves as a small-medium business, growth for them means an increase in the quality of service provided coupled with well-trained workers, increased space and growth in clientele. They define success by being able to build a chain of salons that offer the same quality of services ranging from hair, skin and spa treatments. Beta can be said to have approached growth from the very onset which was made easier because of their partnership style of business which makes available more capital for expansion as compared to the sole proprietorship. Their definition of success points out that in the Five Stages of Small Business Growth, their dominant strategy is that of growth, which a vital feature of the Take Off stage is.

Moving forward, Beta plans on growing their business by increasing the clientele at their existing branches, increasing staff size and opening new branches as well. Hence, the vision of the business is to have a flagship and two other branches in Accra to offer the services that the salon is known for. They also plan to have a shop in at least one African country.

Considerations they made in their scale-up to include the choice of location for branches, costs of investment in rent, remodelling, employees, selection of the right human resource for the firm. Interestingly, capital generation is still an active role in their growth place. Even though Beta admits that location determines to a large extent the calibre of clients that walk through the doors of your salon, they add that excellent services are usually enough reason for clients to travel long distances for hairdressing.

One of their most significant challenges had to do with finding the right type of people to work who had the right skills and the right attitude to work. Eventually, as they grew, they had to let go

of their original location for their current one and also certain staff workers they worked with before.

Admitting that competition is fierce in the hairdressing industry, Beta adds that ready market allows for every player in the industry to have a portion of the cake. However, because the competition is not their focus but rather a satisfaction of client needs, they work on loyalty packages which revolve around a reward system, great products and an excellent customer service that keeps their clients intact.

3.3.3 Insights from Case Studies

- The choice of multiple locations or the building of chain solutions rests on the vision of the business and is not necessarily a requirement for growth in clientele and brand name.
- An integral part of the growth of small businesses revolves around having a desire to grow and planning towards the growth of finances that are generated from the small stage.
- It matters what the definition of growth is to the owner of the business and this must be defined to help channel measures to be put in place as well as priorities for the business from its small stage.
- A massive chunk of the success of the business' growth will be influenced by the ability of the business to access the right type of people as its human resource.
- The employment of managers is not usually a favorite method that is used in growth; it usually takes a much longer time and a more formal approach through the grooming of already existing employees to become managers.
- The processes outlined in the *Five Stages of Small Business Growth* do not always happen in chronological order.

- Businesses are usually at different developmental stages with regards to the management factors that they exhibit at a particular point in time.

CHAPTER 4: SOLUTION AND IMPLEMENTATION PLAN

This chapter addresses the problem statement by suggesting a solution that fits the peculiarities that have been identified by the research. The solution addresses the weaknesses that have defined in Chapter 2 and ties in the findings from the research to ensure that the needs of the business are appropriately addressed.

4.1 Analysis of the Models

The SWOT analysis in the first chapter brought to fore the key issues facing At Heart. Table 4.1 indicates how adequately the models discussed in Chapter 3 provide answers to the weaknesses identified in At Heart. Based on this, the five-stage model, which provides answers to most of the weaknesses is chosen as the main framework to develop our solution and implementation plan.

Weaknesses	The Greiner Growth Model	The Five-Stage Model	Customer Development Model (CDM)
The absence of active marketing strategies and internet presence		✓	✓
Poor location – away from town			
Lack of a cash management system		✓	
Inconsistent presence of the OWNER	✓	✓	✓

Table 4. 1

4.2 Generation of the Solution

According to Churchill and Lewis (1983), the developmental stage of every business can be detected through the existence of the five management factors at varying levels (see Fig. 6.2.1 in

the appendix). The first step in the generation of the solution is to discover which developmental stage At Heart currently finds itself by critically analysing the management factors.

Considering the Management Style and Organisation of the business, since, the owner works with just two employees; a worker and an apprentice, which she directly supervises, the business practises Direct Supervision, a feature of the Existence Stage. Looking for Evidence of Formal Systems, as a result of measures that have been put in place for the recording of sales and client information, there is a minimal attempt at the creation of formal systems. With regards to the Major Strategy, survival is a much more fitting description as a result of the company's ability to generate revenue that can be used to cater for the expenses that come up in the salon as work goes on. Should the owner not be present for certain reasons, the ability of the business to still function within that short period shows a little separation of the owner from the business. Fig 4.3a is a depiction of where the business is at the moment.

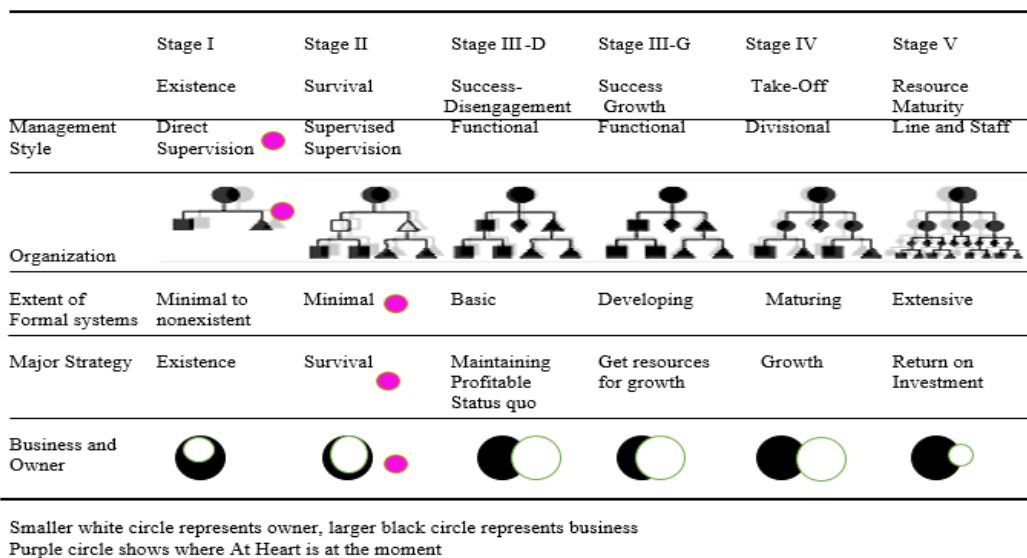


Fig. 4.3a: At Heart's current state with regards to the Management Factors

With a clear picture of where At Heart is currently, the canvas of the Five Stages of Small Business Growth can be adopted once more in forecasting the management factors that the business will need to pay attention to moving forward. In Fig. 4.3b, a pictorial perspective of the future the owner of At Heart wants for the business is shown using the Management Factors is shown.

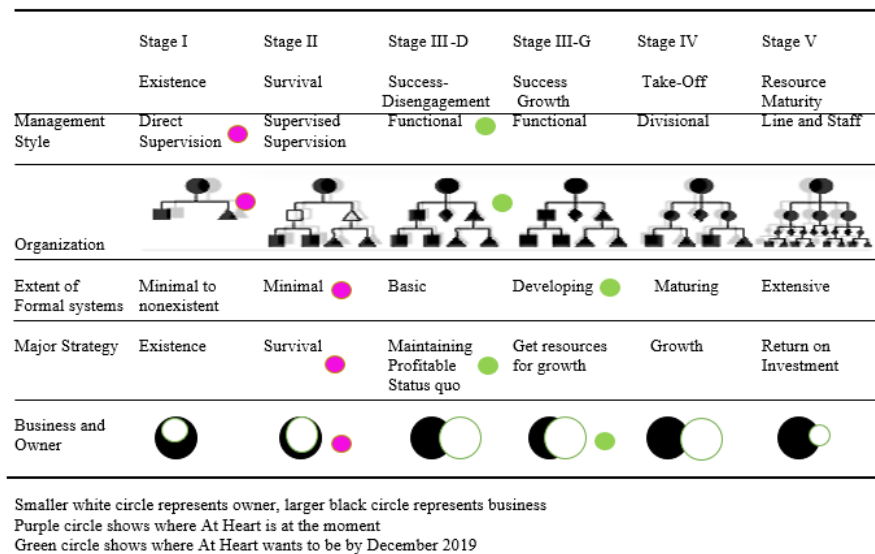


Fig. 4.3b: Where At Heart wants to be in the next ten years as against where they are now

From At Heart's vision story, the business seeks to move from its current system of direct supervision to the employment of managers and other line employees which falls under the Functional Management Style. The hiring of external parties such as the managers leans the business towards the level of developing formal systems with a major strategy of maintaining a profitable status quo once they have been able to open the beauty academy and have the other departments running.

With a clear picture of where At Heart wants to be in the coming years, the knowledge of the management factors to be prioritised in the next years is used as the guideline for recommending a solution for the business.

4.4 The Solution

Drawing mainly from the Five Stages of Small Business Growth, with influences from the Customer Development Model and case studies of Alpha and Beta, the project proposes a three-phase solution to the stagnation of growth of At Heart Beauty Concepts.

Phase 1

This phase draws mostly from Figure 6. 2.1 (see Appendix) which is an elaborate description of how the management factors are to be organised for growth. The phase focuses on growing the cash it needs for growth financing and preparing the owner for the requirements of delegation she will have to meet should she go ahead with the employment of managers to run her business.

- Cash Management Plan

The transition will be kick-started through the employment of a sufficient cash management system as that will ensure enough cash to finance growth and earn economic returns (Churchill & Lewis, 1983). To start off, simplified financial records will need to be kept of the business' daily costs and revenues to allow them to measure how profitable the business is. Costs should include both fixed ones such as a projected cost of the space and the equipment used and variable costs in the form of salary paid to the employees as well as the owner, electricity, water bills, among others. Profits could be computed on a bi-weekly or monthly basis based on the discretion of the owner of the business. The owner at this stage should assume the position of an employee, paying herself a salary so that the profits at this stage will be dedicated to the financing of growth of the business to a sufficiently large size.

A valid cash management plan will provide an accurate picture of the company's financial position and make it easier to plan for building cash to finance growth.

- Introduction of Supervisory Roles

Moving from the Direct Supervision managerial style to the Functional type in the future as shown in Fig 2.2 can be started off by moving first to the Supervised Supervision style. This is to allow for delegation of responsibilities and power so that more work can be done. Rather than hire external managers, it is proposed that a human resource development plan where senior or long-serving employees with supervisory skills are identified and trained to take up such roles in the workplace. Drawing from the practise in Alpha where eventually clients became comfortable around employees and could trust them to handle their hair even in the absence of the owner, this step attempts to increase not only the trust of clients in employees other than the owner but also allows them to gain skills that clients can see and attest to as proof of their profession. It will also solve the problem of the customers' refusal to patronise the services of the salon because of the absence of the owner.

- Economic Sustainability

In order to maintain a profitable status quo, the business will have to be in an economically healthy state. Since the cash requirement is still high up until the Disengagement Stage (see Fig. 6.2.1 in Appendix), this step places the final emphasis on needed capital. Aside from cash that is made available through the adoption of a cash management plan, there would be the need for extra sources of money to be secured. This will require a commitment of the owner to devote the cash wholly to building wealth along with risking the borrowing power of the firm to pursue the growth of the firm. Between the options of debt and equity, debt is recommended because of the owner's desire to have as much influence over her business as possible since she wants to ensure that she achieves her vision.

Phase 2

Should the business go smoothly through Phase 1, they should find themselves at the climax of the finances and delegation. Attention should now be given to the human resource personnel of the business which is a very vital aspect of the business' sustainability and also the employment of functional directors and line managers.

- HR Personnel Needs

It is seen according to Fig. 2.1 that in working towards Functional Management Style, the owner's ability to do things within the business is least declined whereas the quality and diversity of people peaks. This gives rise to a strategic plan concerning the choice of human resource personnel that is employed in the business. It is advised that the intentionality in the selection of this resource starts earlier in the establishment of the business so they will be available when needed. The growth of the company will require that both management and the human resource team are as competent as the company has grown to be over the stages.

- Introduction of Managerial Roles

Delegation in this stage moves from the Supervised Supervision to the Functional management style. This management style deals with the skillset of delegation that is required by the owner such that delegation is done efficiently. As delegation increases, the business must ensure that managers are employed either to oversee the existing supervisors or that supervisors are trained to be managers. Departmental heads for line duties such as marketing and supply chain should also be considered at this stage as the level of functionality may be beyond the owner's ability to do. Managers will be tasked with ensuring that:

1. Records taken are compared to targets and goals to keep the business in line with its objectives

2. Systems are put in place to handle forthcoming needs
3. Operational planning, in partnership with the owner, is extensively done

Phase 3

This phase deals with the final necessities that the business must keep in mind if it does not want to go all out to grow into a company. Since most of the management factors that At Heart seeks to employ belong to the Disengagement Stage. Cautions, therefore, that apply to that developmental stage such as the risk of environmental changes and the opportunity for partnerships are vital considerations.

- Flexibility of the Business

At this stage, even though most often the business and the owner entirely become two separate entities as shown in Fig 2.2 (see Appendix), because of the owner's objective to have full control, this will change. This then makes a requirement of the owner and managers to ensure flexibility of the business to accommodate environmental changes and adapt quickly. Equally important is the managerial ability of the owner and the ability to delegate responsibilities to others as this will introduce a greater level of flexibility to help the business' adaptation to the changes as and when they come.

- Growth through Alliance

Concerning insight from the case study from Alpha, At Heart could consider partnerships with other industry leads to the beginning of the beauty academy. Considering that at this stage, the business would have over time built the brand of the salon, but does not want to involve general partners for capital, an alliance will help with the start-up capital for the academy. In this way, even though there will be enough separation between the business and the owner to allow for

perpetuity after the owner is not around, it will still give room for necessary growth within in stabilised state.

Implementation and Evaluation

Solution	Person -In Charge	Implementation	Time Lines
Phase 1			
Cash Management Plan	Owner	<ul style="list-style-type: none"> • Keeping of financial records • The owner in addition to all employees should receive a salary 	July'18 – December '19
Introduction of Supervisory Roles	Owner	<ul style="list-style-type: none"> • Training of senior employees to be managers 	October – December 2018
Economic Sustainability	Owner	<ul style="list-style-type: none"> • The option of debt should be employed • There should be a commitment to invest all gains towards growth 	December 2018-January 2019
Phase 2			
HR Personnel Needs	Owner, HR Manager	<ul style="list-style-type: none"> • Interviews should be conducted to ensure that employees have or can build in them the vision of the business • Diversity should be considered to allow for expertise in varying skills 	January - December 2019
Introduction of Managerial Roles	Owner, HR Manager	<ul style="list-style-type: none"> • Grooming of existing supervisors into managers • Employment of staff directors 	March - July 2019
Phase 3			
Flexibility of the Business	Owner and Managers	<ul style="list-style-type: none"> • Be aware of the changing trends in the industry and adjust to them • Owner must develop the ability to properly delegate 	March – December 2019
Growth through Alliance	Owner	<ul style="list-style-type: none"> • Embark on a search for academy or hair-related agencies • Secure a partnership for contributions in equity and skills 	September - December 2019

The solution to be implemented will be overseen mainly by the owner of the business. In May and June, there will be discussions with the owner to align the solution with her completely. In July

2018, the implementation plan should be implemented. After 18 months, the business should have gone through all the outlined tactics and should have increased in clients, financing, and employee strength and in the management capacity.

Due to changes in the environment that should be expected as the months move by, the solution should be reviewed after 12 months to allow for changes either in climate or objectives of the business to be factored into the plan.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 Limitations of The Study and Solution

- A small employee size meant that information came from a limited source. This was worsened by the fact that feedback was not as forthcoming as was expected with employees not delving into issues.
- As At Heart is considered one of the best salons in the location of study, all comparisons were made concerning other salons that were not doing as well making At Heart stand out hiding the flaws that could be looked out for.
- All interviews with existing clients were conducted while they were in the salon getting their hair fixed. This could have affected responses as negative feedback might be held back as a result of the presence of employees or the owner.
- To a large extent, the growth of the firm will be determined by the availability of the management factors, creating a difficulty in determining how long the solution will take to establish growth fully

5.2 Recommendations

- In the course of the expansion of the business, it is easy for the business to lose out on the advantages that accrued to the business while it was small. As such, proper records of clients including their bio-data, particular complaints and hair conditions should be taken. This will give room for appointments to be set by the owner of the salon, as well as wishes from the salon on the birthdays of the clients. Through such practices, loyal clients who existed at the beginning stages of the business will not be lost during the scale-up. The employment of this tactic, which was the most sought-after consideration among the prospective customers, was further informed by the case of Beta and the feedback from the

existing clients in favour of the customer services at At Heart which keeps them coming back.

- In the choice of location for the extended arm of the salon, even though case Beta rightly outlined that excellence of service could make customers forgo convenience, it is advised that since convenience creates benefits of increased patronage that At Heart can take advantage of.

5.3 Conclusion

The objective of this project was to present a solution to the stagnation of growth for At Heart Beauty Concepts. Through research, the solution was based on the findings from the research questions that sought to discover ways of improving the salon with influence from existing cases. Influenced largely by the *Five Stages of Small Business Growth*, the three-stage solution will ensure that the salon constantly has a growth mind-set, creating resources, rather than expecting resources for the growth that the owner is looking for.

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Appendix

6.1 Interview questions

6.1.1 Questions for Potential Customers

- Do you use a Beauty Salon?
- Would you describe yourself as a loyal customer to your Beauty Salon?
- What are the key considerations for you in choosing a Beauty Salon?
- How much do you spend on average on a visit to a Beauty Salon?
- What will make you switch from your current provider?

6.1.2 Questions for Existing Clients

- Would you describe yourself as a loyal customer here?
- What do you like about At Heart Beauty Care Concepts?
- What will you like changed?
- Have you used any other hair care provider besides At Heart before?
- What will you say makes At Heart better or worse?
- Will you recommend At Heart Beauty Salon to your family and friends? Why?
- In general, how much do you spend averagely on a visit to At Heart Beauty Salon? How does this compare to the other places you visit?

6.1.3 Questions for Employees

Understanding the environment

- How long have you worked here?
- Have you worked elsewhere aside this place? If yes, what are the differences and similarities between this place and the other places?
- How would you describe as the general environment at At Heart Beauty Care Concepts?
- What would you wish was improved upon in this place?

Client Perspective

- What do customers think about the services you offer?
- What do they wish you could improve on?
- What steps have you seen or taken to deal with this issue?

Clarity of Purpose

- Do you have a clear sense of where this business is going in the next five years?
- Is it obvious in how things are done? / Are things being done now translate into them?
- What would you describe as impediments to growth?
- How do you think they can be dealt with?

6.1.4 Questions for the Owner

Strengths:

- What is your company/your team/your brand specialized skills or experience?
- What do you do better than your competitors?
- What beneficial resources and relationships do you have access to?
- What are other factors to consider? Track Record & Reputation? Company Culture? Technical Expertise/Intellectual Property?

Weakness:

- What are your customers' complaints?
- Are there any gaps in knowledge or expertise?
- What are the limits on budget/cash flow/ funding?
- Are any policies and practices out of date? Do you have procedures in place for all key business operations (forecasting, sales cycle, order, etc.)?
- How could you spend time and money more efficiently?
- What are other factors to consider? Lack of Intellectual Property/No Unique Selling Proposition

Opportunities:

- Which business & technology trends can you use to your advantage?
- Changing Customer/Consumer Behaviour?
- How can you capitalize on your competitors' weaknesses?
- What are other factors to consider? Social Impact? Partnerships? New Distribution Approaches?

Threats:

- Is the overall economy hurting your finances?
- Could legal regulations slow your operations?
- Are there political or environmental factors?
- Are competitors stealing your customers, consumers or employees?
- What is the price sensitivity?
- What are other factors to consider? Technology/Electricity Infrastructure/Loss of Technical Edge/Competitor innovation

Business Objectives

- Please give me a brief description of your business
- Do you have long-term goals for your business?
- What would you describe as the long-term and short-term goals of your business?

Understanding Strategy & Business Tactics

- How close or far are you from achieving your long-term goals of your business?
- How have you gone about achieving them in the past?
- What resources or capabilities, besides money, do you need to achieve these goals?

- Which of these resources or capabilities do you have now and how do you hope to acquire those you do not have?
- What has been your major obstacles to achieving your goals?
- What would you say makes you different and better than your competitors?

Client Perspective

- What have general client feedback been over the past 5 years regarding services?
- Are there things they ask for improvements on?
- What has been done so far in addressing these needs?
- What has changed after the approaches?

6.1.5 Questions for Industry Case Study

Analysing the size of the business and extent of scale

- How long has your salon been in existence?
- How many employees do you have currently?
- What is your client strength?
- Is your business a sole proprietorship or partnership company?
- What does growth mean to you? What does success to you look like?
- What's your vision for your business in say 10-20years?
- Do you have other branches? How many are there? Where are they?

Understanding the process

- Would you call your business a large one? Or even a medium-scale one?
- Did you start large?
- If not, how long did you remain small before you began growing?
- If small, how do you plan on growing?
- What were certain factors that you considered in your growth?
- Can you take me through a step-by-step process of how you became like this?
- Have you reached your full potential?
- What plans are underway to reach that full potential?
- How important has location been in your growth?

Dealing with Challenges

- What difficulties did you face in your scale up?
- Were there certain things you had to let go as you scaled up?
- Are there some that you believe are peculiar to beauty salons?
- In case of other branches, are there issues with management?
- How competitive is it to remain a big salon?
- How do you deal with the competition?

6.2 Figures for Concepts

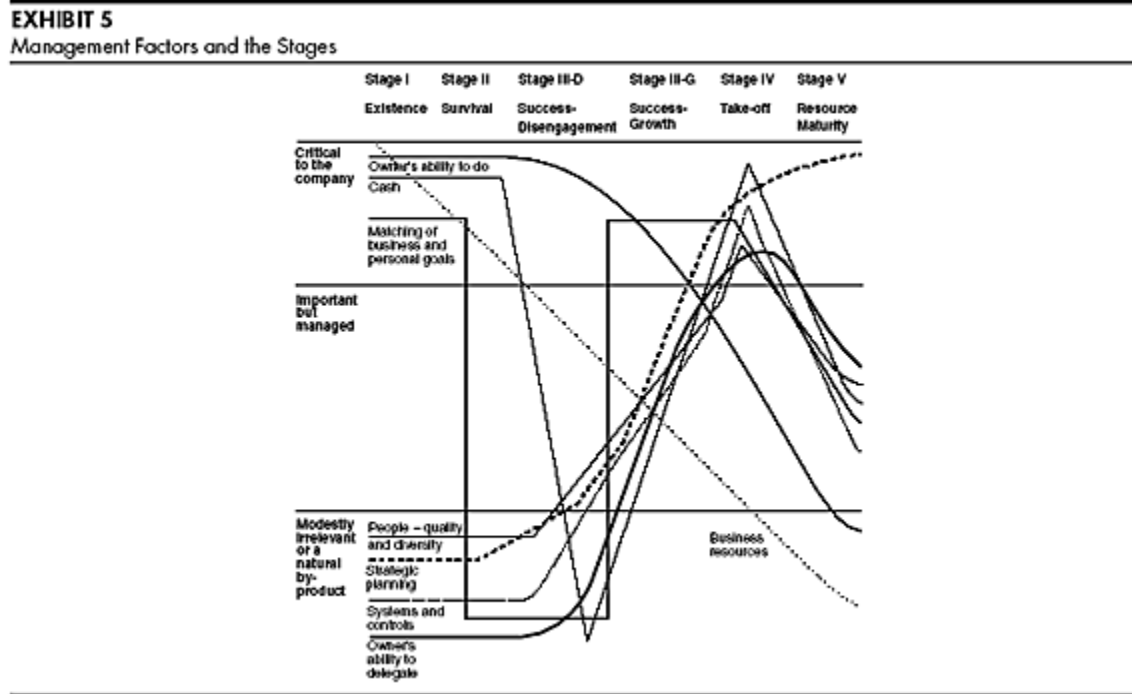


Fig. 6.1 Management factors needed in the Five Stages of Small Business Growth (Churchill & Lewis, 1983)

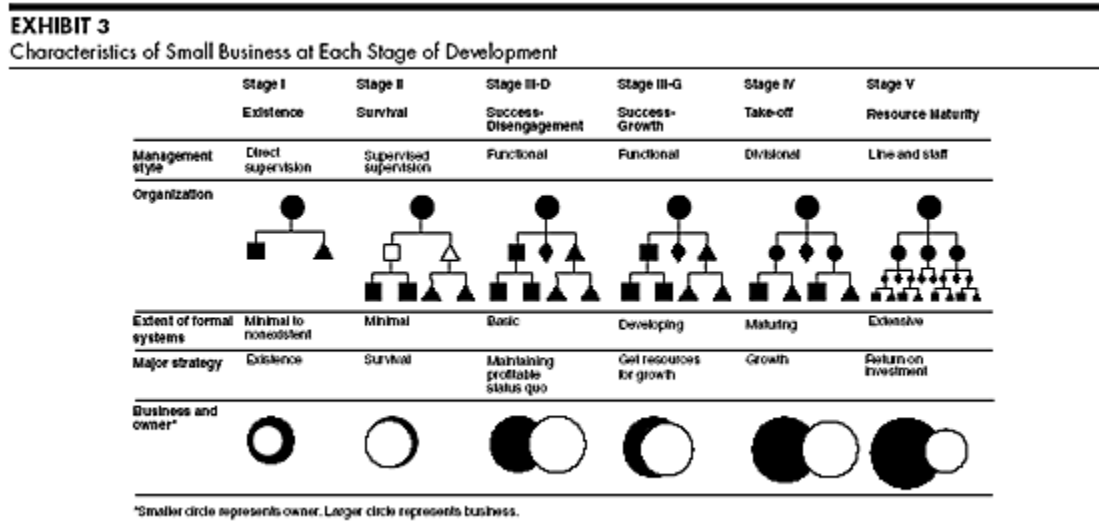


Fig. 6.2 Characteristics of Small Businesses at each stage of development (Churchill & Lewis, 1983)

