Task: Investigate the viability of establishing a hair salon in the Hawthorn area.

The task in detail:

Background

Mary and Tran are the owners and operators of a hairdressing business Stylish specialising in 'high end' quality hairdressing services. Currently they operate two salons in inner Melbourne. As a way of expanding their business, the owners are considering opening a new salon in the Hawthorn area.

Your task

Prepare a business report for the owners investigating:

- the overall viability of establishing a salon in the Hawthorn area; and

- key management and marketing issues that need to be considered in ensuring the success and profitability of any proposed new outlet.

Your report should include analysis of both the Mega and Task environments (see Bartol et al. 2008). You will also need to undertake additional research using a variety of sources (eg. hairdressing industry reports, relevant government regulations and local census data, the Yellow Pages etc.).

The report should be approximately 2,500 words in length, excluding the Executive Summary and List of references.

Activity

1. Look at the assignment instructions left.

2. Now read the sample report. Read the accompanying comments on the side as you go.

3. Note: This is high standard work that demonstrates a number of features of good report writing. Which features of the report do you think you could draw on for your own writing?

The EXECUTIVE SUMMARY comes at the beginning of a report. It should normally be quite brief, and provide a short, sharp summary of the contents of the whole report. Elements to include are:

*BACKGROUND to the study
*PURPOSES of the study
*METHODS used to conduct the study (eg. the analytical framework, the sources of data used)
*The study's main CONCLUSIONS and RECOMMENDATIONS

Executive Summary

Stylish is a hairdressing business that currently owns and operates two hairdressing salons in inner Melbourne. The study investigated whether the opening of an additional salon in the Hawthorn area is a viable option for the business. The study consisted of an analysis of both the Mega and Task environments, and was based on information collected from a variety of sources: industry research reports, local government reports, and census data. The conclusion drawn from the analysis is that in the present environment the company would benefit from an expansion of its outlets. A number of recommendations are made concerning the establishing of the new proposed operation including, the need to focus on high quality as opposed to low costs services, and to target the younger, male customer base.

Note that an IMPERSONAL writing style is used in report writing. You tend not to make reference to yourself even though you are the author of the report. Write:

"A number of recommendations are made"
(PASSIVE VOICE)

NOT
"I/ We have made a number of recommendations"
(ACTIVE VOICE)

Table of Contents

The TABLE OF CONTENTS should show the structure of the report, especially the relation between sections and sub-sections.

Notice how this report is divided into three main sections (Introduction, Findings, Conclusions and Recommendations). The Findings section, which constitutes the body of the report, is then divided into two subsections, and a number of sub-subsections.

You will notice that each of the sections and subsections of the report is carefully NUMBERED (e.g. 2.1; 2.1.1). In reports you need to clearly indicate how the different sections relate to each other through the use of numbering.

Hint: It is best to limit your NUMBERING to three levels – beyond this, it can be difficult for the reader to grasp the structure. i.e. DON'T use 2.1.1.1

1. Introduction

Stylish is a hairdressing business that currently owns and operates two hairdressing salons in inner Melbourne: Carlton and South Melbourne. The owners of the business (hereon the client) are interested in expanding their operations, and have identified the Hawthorn area as a possible location for the establishing of a third salon.

The purpose of this report is to provide preliminary information to the client about: i) the overall viability of establishing a salon in the Hawthorn area; and ii) key management and marketing issues that need to be considered in ensuring the success and profitability of any proposed new outlet. Note that the study considers the viability of the business in broad management and marketing terms only; it does not provide a comprehensive financial analysis of the proposed expansion.

In the investigation of these issues, two analytical concepts were used, namely Mega Environment and Task Environment. The Mega Environment is concerned with the external environment in which a business operates; the Task Environment considers conditions that a business faces in its immediate environment (Bartol, Tein, Mathews, Sharma & Scott-Ladd 2008). Data for the study came from a range of sources related to both these environments including: industry research reports, local government reports, and census data.

The report is divided into two main sections: a *Findings* section, which presents information about both environments as they relate to *Stylish*; and a *Recommendations* section which provides specific suggestions for the running of the proposed business.

The INTRODUCTION provides more detailed information about the first elements of the EXECUTIVE SUMMARY, namely:
*BACKGROUND,
*PURPOSE and
*METHOD

Additional elements that are often included in a report introduction are:
* SCOPE (what is and isn't covered in the report), *STRUCTURE (how the report is organised).

Note that the INTRODUCTION does NOT include any discussion of FINDINGS, CONCLUSIONS or RECOMMENDATIONS).

PURPOSE

SCOPE

METHOD

STRUCTURE

2. Findings

The viability of establishing a new salon was considered in relation to two broad areas the mega environment and the task environment (Bartol et al. 2008). Each of these areas is discussed below.

2.1 Mega Environment

The mega environment refers to the larger external environment in which an organisation operates, that is to say, broad societal conditions and trends. Significantly, the elements of the mega environment are ones that an organisation has little or no influence over. The mega environment can be divided into five main components: i) economic; ii) legal/political; iii) technological; iv) socio-cultural/demographic; and v) international/global (Bartol et al. 2008). The relevance of each of these areas is discussed in relation to *Stylish*.

2.1.1 Economic element

The economic element refers to "systems of producing, distributing and consuming wealth" (Bartol et al. 2008, p. 72.). In considering the economic factors relating to the proposed business, it is not possible to overlook the impact of the Global Financial Crisis (GFC), and its continuing aftermath. While Australia has so far resisted falling into recession, the Australian Bureau of Statistics (2011) records that household incomes were significantly lower in 2009/10 than they were over 2007/08. In such an environment, consumers have remained highly cautious in their spending (Kusher 2011).

IBIS World Report (2011, p. 5) states that: "movements in real household disposable income do affect the hairdressing and beauty industry", although as a 'necessity of life' service, hairdressing is less generally affected than other consumer areas. It is noted that while recent conditions in the industry have been poor, the outlook over the period 2012 – 2015 is expected to be more positive with a projected average annual rate of growth of 3.6%, as indicated in Table 1 (IBIS 2011). These economic factors suggest that investment in the hairdressing industry, at least in the foreseeable future, is likely to be worthwhile.

Industry Outlook		
	Revenue AUD Million	Growth %
2009	3, 292.0	-2.2
2010	3, 180.0	-3.4
2011	3, 291.0	3.5
2012	3, 430.0	4.2
2013	3, 556.0	3.7
2014	3, 670.0	3.3

Table 1: *Revenue Outlook in the Hairdressing Industry (IBIS 2011)*

This section describes part of the ANALYTICAL FRAMEWORK used in the study – "the Mega Environment".

Central to all reports is the ANALYTICAL FRAMEWORK. This is the key idea or concept that you use to analyse the findings of your study. Usually the ANALYTICAL FRAMEWORK will come from the textbook or notes you are using in the unit of study.

Hint: It is important to highlight the ANALYTICAL FRAMEWORK in any report, and to show clearly that you understand its importance in your study.

In presenting aspects of the ANALYTICAL FRAMEWORK for the report, it is often necessary to define terms (eg. 'the economic element'). Often direct quotes are used in such definitions, so as to be really precise about what it is that's being discussed. Note that when you use a DIRECT QUOTE, you need to give the page number of the reference.

It is often useful to use TABLES and FIGURES in reports. When you do use these, you need to refer to the TABLE in your text (eg. "as indicated in Table 1").

When using TABLES, you need always to give these a number (e.g. Table 1) and a title (e.g. Revenue Outlook in Hairdressing Industry) along with where you sourced the information (e.g. IBIS 2011).

2.1.2 Legal/Political element

The legal/political element refers to the "legal and governmental systems within which an organisation must function" (Bartol et al. 2008, p 72). The two major legal areas that need to be complied with in the hairdressing and beauty industry are occupational health and safety OHS), employment law. Occupational health and safety laws exist to ensure a hairdressing salon is safe for both employees and the public. Various employment laws prescribe minimum wages and training requirements for businesses in the industry. The client will already be compliant with these two areas, and so it is not expected that they would impose any additional burdens in the establishing of a new outlet.

It is noted that the imminent introduction of the Federal Government's Carbon Tax could result in additional costs e.g. higher electricity bills, as a result of energy companies passing on the costs of the carbon price (Clean energy future: helping small business 2011). In any proposed new outlet, the client can offset any potential additional energy costs through the use of energy-saving appliances and amenities.

2.1.3 Technological element

The technology element refers to "the current state of knowledge regarding production of products & services (Bartol et al. 2008). According to IBIS; "technology in the hairdressing industry has not changed dramatically in recent times" (IBIS 2011 p.24). The more significant technological developments have occurred in the beauty components of the industry (eg. laser treatments), though it is noted that these often require substantial economic investment, and may not be affordable for smaller scale operations (Service Skills Australia 2011).

One area that is worth investing in is not technology concerned with the actual delivery of hairdressing and beauty services, but with ancillary technologies that support customer queries and bookings. Customers typically expect products and services to be delivered in a shorter time frame, and so salons need to invest in up-to-date IT facilities that will enable them to provide appropriate levels of customer service (Service Skills Australia 2011). Another important technology in the industry is social media (Facebook and Twitter) and its potential as a marketing tool. As Baltzan and Phillips (2010 p. 513) explain: "social networks help forge community with, and among, would-be customers".

2.1.4 Socio-cultural/demographic element

The sociocultural/demographic element refers to the "attitudes, values, norms, beliefs, behaviours and associated demographic trends characteristic of a given geographic area" (Bartol et al. 2008, p. 73). Victoria is currently experiencing high population growth, lead only by NSW. It is interesting to note that while population growth is high in the state, the rate of growth in the hair and beauty industry in Victoria is relatively low (see Table 2). These data also point to relatively low volatility in the industry, suggesting that investment in the industry in Victoria is generally a sound proposition.
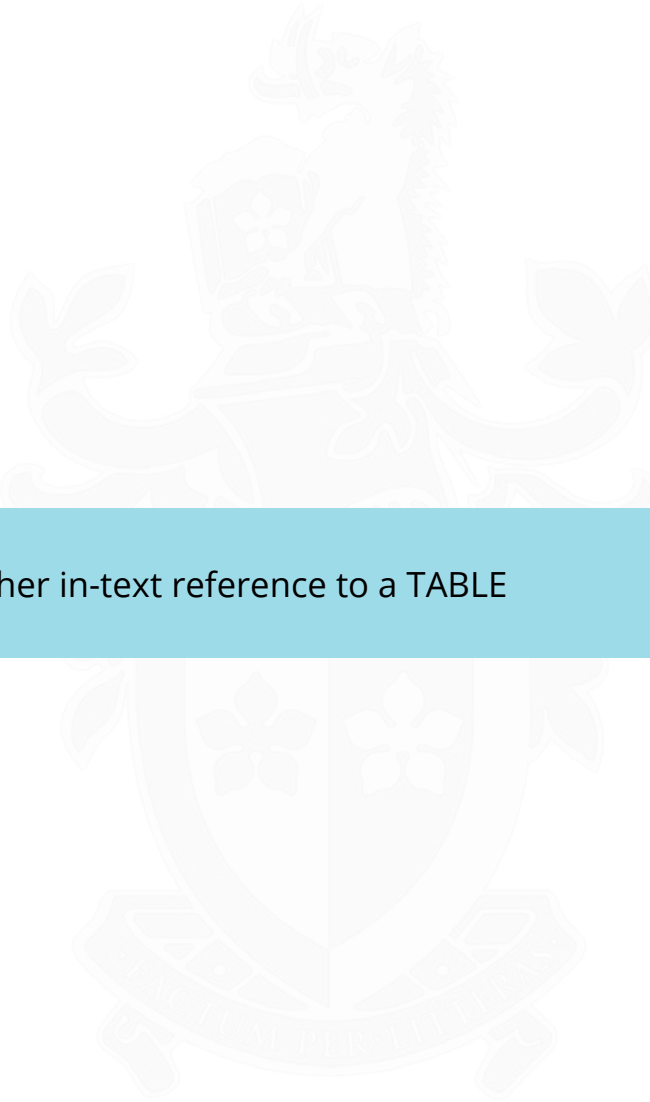
State/Territory	Average annual growth rate (2003-2007)	Volatility (2006)
Queensland	5.3%	42.5%
Western Australia	5.1%	40.3%
New South Wales	3.8%	38.0%
South Australia	3.0%	34.5%
ACT	2.2%	48.7%
Victoria	1.9%	37.7%
Tasmania	1.9%	31.6%
Northern Territory	-2.4%	61.9%

Table 2: *Growth rate and volatility in hairdressing and beauty*

More specifically in the Hawthorn area (the location of the proposed new outlet), the notable demographic trend is the relatively low average age of the populace, with the most populous group being in the 25-29 year segment (Population and household forecast: Hawthorn 2011). Population forecasts suggest that the area's youthful character will continue into the future with the same segment expected to dominate in 2021. Other significant demographic features are the ethnic diversity of the populace, along with its relative affluence (Community profile: Hawthorn 2011).

A significant trend in this younger inner urban demographic is the increasing interest shown by young men in grooming and appearance, sometimes associated with the so-called 'metrosexual' lifestyle (IBIS World Report 2011, p. 9). Such a trend has seen the decline of demand for traditional barbershop services, and dominance in inner urban areas of the unisex salon. While the hairdressing and beauty market continues to be dominated by the female customer base, major opportunities exist to expand product and service offerings for males.

2.1.5 International/global element

The international/global element refers to "developments in countries outside of an organization's home country with potential to influence the organization (Bartol et al. 2008, p. 32). The hairdressing industry in Australia is almost an entirely domestically-based industry, currently having virtually no import or export profile (IBIS 2010). The international element is thus not a relevant one to the proposed business plan. It is noted however that over the coming years, the door may become open for foreign franchises to establish themselves, and so this may have some impact on competition in the industry into the future (IBIS 2010).

2.2 Task Environment

Along with analysis of the Mega Environment, the study also focused on the Task Environment as it relates to the proposed business. The Task Environment is made up of specific external elements that an organisation faces in their immediate environment, In this case, the task environment refers to the metropolitan area of Melbourne area, and more specifically the area of Hawthorn and its environs, which is where the proposed business would be located. Unlike the Mega Environment, the organisation can have influence over the task elements in this environment through extensive research and planning. Elements of Task Environment include customers and clients, labour supply, suppliers, competitors and government bodies (Bartol et al. 2011, p. 76).

This sub- section (Task Environment) is the second major part of the Findings section. Notice how the report uses a LINKING sentence here to indicate that the report is moving on to a new section.

2.2.1 Customers and clients

Customers and clients refer to "individuals and organisations purchasing products and services" (Bartol et al. 2011, p. 76). As noted

in 2.1.4, the Hawthorn area has a generally younger residential profile, and so this group needs to be the focus of the products and services that might be offered. It is also noted that the area is quite ethnically diverse, with 27.9% of its resident being born overseas. This suggests the need for flexibility in the types of hair and beauty services available.

An important characteristic of the hair and beauty industry is the importance of a loyal customer base (IBIS, 2011). Typically customers will rely on the one salon if they are satisfied with the service they receive. It is thus important for a salon to build up a base of satisfied clients, to ensure repeat visits and attract new customers through good word-of-mouth, and effective marketing.

Another feature of the potential customer base is the relative affluence of the Hawthorn area. This has implications for pricing strategies. IBIS (2011, p.13) notes that the hairdressing industry operates in an environment of "significant price competition", though suggests that this is often based on a misconception "that price is the deciding factor for clients". These facts suggest that the focus of any expanded business should be on the provision of high quality, as opposed to low cost services.

2.2.2 Competitors

Competitors refers to "other organisations offering (or with a high potential to offer) rival products/services" (Bartol et al. 2011, p. 76) The Hawthorn area is generally well-served by hairdressing outlets. An online search under Hairdressers in Hawthorn identified 28 different salons (Yellow Pages 2011) with most of these offering medium to high-end services. Table 3 provides a list of the salons with highest turnover in the area.

Salon	Average haircut prices		High End, Middle, Low End
	Ladies'	Mens'	
1. Mark Anthony	95	55	H
2. Ruben's	95	55	H
3. La Bella Vita	85	70	H
4. Kaz	77	58	M
5. Deep Blue Sea	75	75	M
6. Rap Unzels	70	45	M
7. Snipz	65	50	M
8. Live And Let Dye	67	45	L
9. Hair Today - Gone tomorrow	48	40	L
10. Shear Bliss	40	40	L

Table 3: *Salons with highest turnover in Hawthorn area*

It is noted that there is wide differential pricing between female and male hairdressing. In some cases there is close to parity in pricing for both sexes; in other cases, female haircuts are close to twice the price of males. With the recommended focus on product and service offerings for males, it is suggested that pricing for these services be strongly competitive.

2.2.3 Labour Supply

Labour supply refers to individuals potentially employable by an organisation (diversity and characteristics of the labour market) (Bartol et al. 2011, p. 76) Hairdressing is recognised as one of the 'skill shortage professions' by the federal government and is listed on the Migration Occupations in Demand List (MODL) (Service Skills Australia 2011). This means that the labour supply in the future will increasingly include staff from non-English speaking backgrounds. To take advantage of these opportunities, any prospective new outlet would need to achieve a good match between the cultural background of prospective staff and the ethnic profile of the area. The growing Asian (Chinese) composition of the Hawthorn area was previously noted (Section 2.1.4).

This is an example of CROSS-REFERENCING – and can be a useful way to LINK material in different sections of the report

Retention of talent is recognised as a significant issue for the hairdressing and beauty industries, with high turnover of staff often a problem for businesses (Service Skills Australia 2011). Increasingly it is seen as critical to fully engage employees in the industry both by developing the skill of employees, and providing clear career pathways (Service Skills Australia 2011). Support for staff to undertake Certificate IV and Diploma training is seen as an appropriate way of initiating this process.

2.2.4 Suppliers

Suppliers refers to "organisations and individuals supplying resources and organisation needs to conduct its operations" (Bartol et al. 2011, p. 76). The main material resources needed for the proposed business are the variety of haircare products used in the salon. These will not represent a major cost to the business. It is suggested these are sourced at the most competitive rate via the internet.

As stated in 2.1.3, a major organisational need is the use of up-to-date IT facilities that will enable the delivery of high levels of customer service (booking system etc.). It is suggested that careful selection is made of an appropriate supplier of these services.

2.2.5 Government Agencies

Government agencies refer to "agencies providing services and monitoring compliance with laws and regulations at local state or regional and national levels" (Bartol et al. 2011, p. 76). The main relevant agency of the proposed business will be City of Booroondara located at Hawthorn Town Hall. The main area of compliance is minimum hygiene standards required under the Public Health and Wellbeing Act 2008 and related guidelines (Stonington Council: Personal Care 2011).

3. Conclusions and Recommendations

The main question considered in this study was whether the establishing of a hairdressing salon in the Hawthorn area is a viable option for the client. Based on the preceding analysis, both of the mega and task environments, the conclusion drawn is that such an expansion of the business is likely to be a sound investment.

In presenting the CONCLUSIONS, it is always a good idea to remind the reader what the PURPOSE of the study was. Your main CONCLUSION will be your response to this purpose.

The study also considered a range of marketing and management issues that would need to be considered to ensure the success of the business. Accordingly, the following recommendations are made:

- the target customer base should be younger clients (20-30 age segment), with some emphasis on products and services for young males.

- the focus should be on high quality as opposed to low costs services and products.

- products and services should take account of the multicultural composition of the area, especially the growing number of

RECOMMENDATIONS are often set out as dot points. You will notice that all of the RECOMMENDATIONS here are framed around the word 'should'.

HINT: All RECOMMENDATIONS you make in a report must relate to your discussion in the early parts of the report. In other words, each RECOMMENDATION needs to flow on logically from the analysis you have made of that particular idea in the report.

residents from Asian backgrounds.

- investment in technology should be primarily focused on ancillary technologies that support customer queries and bookings.

- in line with the area's younger and affluent demographic, marketing strategies should be mainly organised around the use of social media.

- selection of staff should seek to reflect the demographics of the area, including recruitment of Asian background staff

- to ensure the retention of staff, an emphasis should be placed on developing the skills of staff, and providing clear career pathway.

References

The last section of your report is the list of REFERENCES. References are listed in alphabetical order, and should provide all relevant details about the sources you have used. You should check the format to be used in the library's Harvard Style Guide.
Note that you should only list those sources that have actually been CITED in the report

Australian Bureau of Statistics 2011, Household income and income distribution , viewed 10 September 2011, <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6523.0>

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Yellow Pages 2011, Sensis, viewed 10 September 2011, < http://www.yellowpages.com.au/search/listings?clue=hairdressers&locationClue=Hawthorn+VIC&x=36&y=20>