

# LOOKING FIT®



by Judie Bizzozero

## THE TAN COMPANY

### Harnessing The Power Of Branding

More than 20 years ago, Todd Beckman began his quest to make his mark on the indoor tanning industry. In his hometown of St. Louis, he started behind the counter and worked hard to learn everything he could about putting together a top-notch business. In February 1994, he opened The Tan Company (formerly known as St. Louis Tan Company) with just two average-sized salons. That same year, the company introduced its first superstore concept and Beckman was on his way to something big.

**F**ast forward to 2006. The Tan Company is one of the fastest-growing tanning salon franchises in the nation, recognized for its passion, world-class facilities, equipment and a trained team of professionals that focus on customers' needs. With 70 locations in 10 states, The Tan Co. just got an injection of capital and branding know-how that surely will catapult it to a bigger and brighter future.

In January, Beckman partnered with Dave "Lags" Lageschulte, an entrepreneur extraordinaire, to help take the tanning franchise to the next level. In addition to becoming a half partner in The Tan Co. franchise company, he also became an area developer and is in the process of opening his first Tan Co. franchise in Athens, Ga. Future locations are slated for Augusta, Ga. and cities in Virginia, Florida, North Carolina and South Carolina.

The partnership provides a huge financial opportunity to help Beckman build on his already successful business model.

"This is a really big deal, and I am really excited about it," he says. "Now, the wealth behind our growth is unlimited and we have the power to make things happen in this industry. There are only a few large-scale franchisors doing this type of thing and looking toward the future."

Beckman's years in the industry taught him the importance of offering franchisees the tools they need to thrive in the industry. It's a lot more than sharing a national name; it's about having the right structure to guarantee employee motivation and internal, as well as, external growth.

"Partnering with Lags is going to help us get to that next level," he says.

#### The Lags Equation

You don't have to look too far outside the tanning world to find out what a guy nicknamed Lags has to do with success. In addition to successful business ventures in the construction, health club and restaurant industries, he helped turn a little wing joint called Hooters into an international brand.

In 1983, he was granted the very first Hooters' franchise license from his high-school buddy and one of Hooters' founding partners. In turn, Lags and his group of partners developed the South Florida area and quickly established it as one of the most successful Hooters' franchisees in the nation. The group also owns the Nevada area rights for Hooters restaurants. If that's not enough to impress, Lags is co-owner of the new Hooters Casino in Las Vegas that opened Feb. 3.

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## The Power Of A Brand

In addition to his 20-plus years of Hooters' branding expertise, Lags brings a significant financial shot in the arm that will help grow The Tan Co. brand. Beckman says the new infusion of capital will put The Tan Co. at more than 100 stores with locations in 11 states within the next year. A 5-year plan calls for 500 stores and additional territories.

Beckman and Lags have a solid base and will continue to build upon it with corporate stores in the right locations and with the right management. At the same time, they plan to use their franchising experience to aggressively sign new franchisees and territories as well as purchase existing independent salons to fuel expansion.

“Within five years, we plan to have a national presence, but we really want to build on that from a regional side,” Beckman says. “It can be difficult because you can get requests from all over. We have to stay focused on the key demographic areas we want to establish.”

In terms of business, it is essential to be able to handle the franchise side of the business as well as the corporate stores. The Tan Co. gives its partners the tools they need such as market analysis, site selection, financial assistance, store layout and design, training, salon software and marketing support. It also offers area development opportunities.

“Once we get our feet in the water the results can be really fantastic in this business,” Lags says. “Our goal is to expand as much as possible under the right conditions. Every successful business that I have been involved with hasn't raced out in front but, instead, trotted very fast and made sure it was strong and continued to move forward.”

Both partners agree that the key to a franchisee's success lies in the ability to combine strong financial and operational talents. Because indoor tanning has a lower entry of investment than the restaurant business, a strong candidate has

the possibility to go into an area and open four or five salons in a year.

The Tan Co. offers two salon programs: the small-store program is a 10-bed store with four levels of tanning; the superstore program is a 20-plus bed salon with five levels of tanning. Both concepts include Mystic Tan sunless tanning.

“Depending on the type of store and the location, it can cost between \$250,000 and \$500,000 to become a Tan Co. franchisee, however we provide some of that financial backing,” Beckman says. “A franchisee may have to put up \$50,000 to \$100,000 of their own capital.”

One of Lags' primary responsibilities is to make sure The Tan Co. has the correct relationship with the franchisee. He also brings a wealth of administrative knowledge to the table.

“We have ideas of where to look for entrepreneurs and have access to people who may want to expand into indoor tanning,” he says. “We are stepping outside the box and finding new avenues for expansion.”

The company also is looking to convert existing independent salons into The Tan Co. mold. “Those independents need the backing of a franchise and its marketing power,” Beckman says. “We even are looking to acquire some of the smaller chains and bring them into our family.”

In terms of tanning salon franchising, if there are a lot of weak franchisees, the brand will be weak. Beckman says it is imperative to have a unified voice from the corporate office.

“There is a great dichotomy in the tanning industry because the initial investment is low enough that it can create a double-edge sword,” Lags says. “There will be people who want their own business and want to succeed; however, there will be people that will fail because they don't have what it takes to be successful.

“In my 20-plus years of franchising I have found that if you truly believe someone is not the right person who can take the business forward then don't do it. Just because they have \$400,000 in their

pockets and you might collect a royalty is not a good reason to risk the brand. It's better to say 'Thanks, but this is not the right fit for you'.”

## Poised For Explosive Growth

Beckman and Lags are betting an aggressive growth plan not only for The Tan Co., but for the indoor tanning industry as a whole. They are targeting the upper echelon of business entrepreneurs with sound business models.

“Some of the Hooters' franchisees who know Lags and look up to him for his business sense might want to get involved with owning some Tan Co. franchises where they have an established Hooters,” Beckman says. “We are opening up avenues for more professionals to enter this industry and bring fresh ideas and branding.”

Key to future growth is to stay focused on building corporate stores as well as expanding franchise opportunities. For Beckman, the corporate stores allow him to stay on top of his game when it comes to operations.

“Some smaller franchise companies have very few corporate stores, and I think that puts us in the lead because we really operate the salons and that builds a strong franchise company,” he says. “The corporate stores, along with franchisees, provide a lot of feedback as to what works and what doesn't. Everybody is participating in making sure The Tan Co. brand grows and we are on top of the next greatest things.”

A simple formula for success is to constantly upgrade equipment, provide excellent marketing support, provide excellent training and give as much guidance as possible to run a successful business.

For Beckman and Lags, the solution is even easier: “Many of our competitors haven't done what we have, nor have they been behind the counter of a tanning salon. They don't fold the salon into the business model.

“The bottom line is we know how to make money and build on a brand.” ▲