

The Snip-its Story

Snip-its: A cut above other franchise opportunities



A brief history

The last decade has seen the development of many successful businesses specially designed to wow kids. In 1993, when Joanna Meiseles sought a hair salon that catered to her young children, instead of a salon, she discovered a business opportunity. After two years of extensive research

and planning, Joanna opened the first Snip-its salon in Framingham, Massachusetts to rave reviews.



Changing a business dynamic

Snip-its is revolutionizing the haircare industry with its a branded entertainment concept focused on the specific haircare needs of children. The children's segment of the haircare industry, a \$45 billion market, is currently estimated at \$5 billion, with over 40 million children in the United States receiving a haircut an average of eight times per year.

Snip-its has changed the dynamic of children's hairdressing, turning what has traditionally been considered a mundane and often unpleasant experience into a fun-filled adventure. The Snip-its custom interiors feature our own cast of cartoon characters, interactive computer play stations, the Magic Box, and a complete line of haircare products formulated just for kids. These, along with our proprietary point of sale and marketing system and specially trained stylists combine for a perfect hair care solution for kids...and parents, too! Snip-its is one of the fastest growing chains of children's hair salons in the country and is quickly emerging as the market leader with invaluable brand equity and share of mind.

We appreciate your interest in a Snip-its franchise and look forward to helping you achieve your personal and professional goals. For a virtual tour of a Snip-its salon, visit our website at www.snipits.com.



The Snip-its Adventure

When was the last time your kid said,
"can i get my hair cut, Mommy? can i? can i?"



Snip-its is the only fully developed entertainment concept in the children's haircare market today, and one of the most innovative concepts in all of retail. From start to finish, a haircut at Snip-its is truly an adventure!

An adventure for kids

Upon entering a Snip-its salon, parents and children step into a magical, engaging, cartoon world of adventure characterized by floor to ceiling cartoon murals, splashy vibrant colors, larger than life animated cartoon characters, and an animated show featuring the Snip-its gang: Snips, Curly Comb, Maranga Mirror, Jean Luc le Spritz, Marlene and Charlene (the Clip-ette Sisters), and Flyer Joe Dryer set the mood for a fun-filled family adventure.

The adventure begins at the reception desk where parents check in and kids receive their Snip-its Adventure Club pass. While waiting for their name to be called, kids can enjoy the Snip-its show featuring our whimsical cast of cartoon characters prominently displayed atop the Snip-its custom archway that separates the waiting area from the cutting area of each salon.

A relief for parents

When one of our specially trained stylists calls the child's name, it's time for the haircut to begin. Each cutting station is custom-designed for the safety and comfort of everyone involved, with a special chair for Mom or Dad to sit close at hand. The Snip-its stylists work their magic, while the kids are entertained with custom computer games and activities featuring the Snip-its characters at the Snip-its Adventure Play Station. Each station is also equipped with lollipops, animal cookies, and bubbles, along with samples of Snip-its' complete line of hair care products. Kids learn to feel good about getting their hair cut, and parents beam with pride as their child, perhaps for the first time, sits through the haircut without shedding a tear.

Upon completion of the haircut, the family is escorted back up to the reception desk. While Mom or Dad completes the purchase of services and products, the child is rewarded for a job well done. In exchange for a lock of cut hair, along with their Snip-its Adventure Club pass, the child receives a prize from the Snip-its Magic Box. The positive experience leaves families eager to return for their next visit.



The Snip-its Advantage

You won't find a more compelling business model if you search with a fine-toothed comb.

The Snip-its franchise program offers you the benefit of a brand with high consumer awareness, a service with strong demand and instantaneous customer loyalty, access to effective marketing programs, plus a system of operations that is second to none.

Proprietary concepts

The Snip-its experience, its characters, games, stories, and store design are all proprietary elements unique to the Snip-its Corporation. These core advantages will be available to Snip-its franchisees through our franchise license agreement and will ensure superior differentiation against competitors.

The Snip-its proprietary web-based salon management system was designed exclusively to meet the unique needs of the Snip-its business. Each salon is equipped with a complete point of sale system that tracks all customer, employee, and sales information. The information is used to generate sales, employee, and marketing reports. Some key features include:

- Capture each family's profile, including address, phone number, email address, and names and birth dates of each child.
- Generate reports summarizing sales.
- Generate payroll, productivity, and hours-worked reports.
- Track customer loyalty, age, sex, and frequency of visits.
- Generate mailing lists geared towards specific marketing campaigns, such as birthday mailers, new customer mailers, referral mailers, etc.
- Evaluate employee performance and customer service consistency.



Exceptional products and service

Quality haircuts and exceptional customer service are the foundation of Snip-its' success. To ensure high performance in both of these areas, the company designed its proprietary training program for franchisees, store managers, stylists, and receptionists. Our training programs are directly responsible for our low employee turnover and our exceptional customer retention and loyalty. The Snip-its Corporation also developed the only complete line of haircare products formulated just for kids. Snip-its Tearless Shampoos and Bodywashes are the mainstays, while specialty shampoos, conditioning products, and styling aids (including Spray-On Mousse, our morning miracle) round out the Snip-its product line. Snip-its franchisees benefit from the retail revenue of these products.

A proven concept

The Snip-its concept and experience generates powerful, instantaneous brand loyalty among its young customer base and their parents. Children ask for a "Snip-its" haircut after their very first visit and will not settle for anything less.

The Snip-its business model is proven successful in its stores throughout the country. The corporate franchise team has fine-tuned unit-level operations in order to ensure that franchisees have the opportunity to invest in a highly successful business that will help them to achieve their personal and professional goals.



What grows faster, kids' hair or a Snip-its franchise?

Estimated initial cash investment required, assuming the franchisee leases the standard business premises recommended for a Snip-its Salon or a Snip-its Express Salon.

Investment Description	Projected Amount			
	Snip-Its Salon Low	High	Snip-Its Express Salon Low	High
Initial Franchise Fee	\$18,750	\$25,000	\$18,750	\$25,000
Prepaid Rent and Security Deposits	-	\$10,000	-	\$5,000
Staff Recruiting	\$150	\$2,100	\$250	\$1,500
Travel & Living Expenses while Training	\$100	\$2,100	\$100	\$2,100
Architecture Fees	\$200	\$5,500	\$2,500	\$4,500
Base Construction & Leasehold Improvements (a)(b)	\$45,000	\$85,000	\$47,800	\$57,600
Millwork	\$15,000	\$25,000	\$10,525	\$12,500
"Snip-ification" of Salon (c)	\$28,000	\$38,000	\$13,950	\$15,750
Computers, Signs, Furniture & Equipment	\$15,300	\$24,900	\$12,900	\$17,400
Initial Inventory and Salon Supplies	\$5,500	\$10,000	\$3,500	\$5,000
Shipping	\$2,000	\$6,600	\$1,500	\$3,500
Insurance	\$500	\$1,500	\$500	\$1,000
Professional Fees	\$500	\$3,000	\$500	\$2,000
Grand Opening Advertising	\$5,000	\$10,000	\$5,000	\$10,000
Working Capital	\$5,000	\$25,000	\$10,000	\$25,000
TOTAL INVESTMENT	\$141,000	\$273,700	\$127,775	\$187,850

(a) The standard business premises recommended for a Snip-its Salon is between 1,300 and 1,600 square feet with five cutting stations, one wash station and an enclosed birthday party room.

(b) The standard business premises recommended for a Snip-its Express Salon is between 600 to 700 square feet with three cutting stations, a wash station, but no birthday party room.

(c) "Snipification" refers to all the creative, proprietary elements of a Snip-its salon.



We developed a no-tears formula for franchise support.

Delivering magic

Snip-its' business systems are built on three legs of success: first, to "deliver magic" to all of our customers; second, to offer strong profit potential for franchisees; and third, to maintain a financially strong parent company. We believe that teamwork is the key to success – all in support of these common objectives.

The relationship between franchisor and franchisee is a strategic association with mutual interdependency. Snip-its is committed to providing its franchisees with the highest level of support. We offer franchisees comprehensive assistance that ranges from guidance through the initial application process to the salon's grand opening, and beyond. Field and corporate support are included as part of the franchise fees. We provide the information and assistance needed to help grow business from day one, and we provide the tools necessary to keep business growing day in and day out.



Field and corporate support

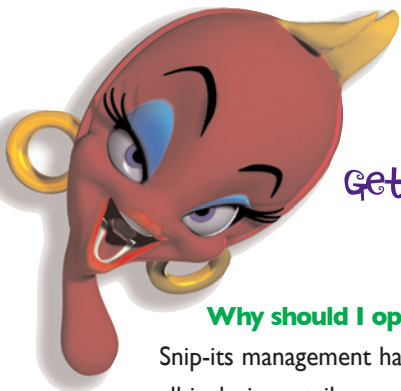
Our experts stand ready to assist our franchisees with support, guidance, and comprehensive information in the following areas:

- *Maneuvering Through the Application Process*
- *Brand Training and Orientation*
- *Site Selection and Lease Negotiation*
- *Salon Layout/Design*
- *Salon Build-out*
- *Management and Operations Training*
- *Staff Recruiting and Training*
- *Grand Opening Marketing*
- *Ongoing New Customer Acquisition Marketing*
- *Ongoing Customer Retention Marketing*
- *Field Service Team Support*
- *In-Store Evaluations*



When our franchisees are successful, Snip-its is successful, and the Snip-its brand continues to gain value. We're counting on your success!





Getting to the root of your interest.

Why should I open a Snip-its salon instead of trying it on my own?

Snip-its management has spent a great deal of time, energy, and money designing one of the most innovative, all-inclusive retail experiences in the hair care market today. We have honed our operations to give our franchisees the best possible opportunity for success. The Snip-its model has proven superior to our competitors, and our business systems are second to none. Why risk it on your own when you can leverage our expertise and experience?

Do I need previous hair salon experience to open and operate a Snip-its salon?

While previous hair salon experience would certainly be helpful, we do not require that our franchisees have previous salon experience.

Can I operate a Snip-its franchise and still keep my regular full-time job?

Snip-its salons are best operated with the owner on site as much as possible. While we do not require our franchisees to work full-time in their salons, the responsibility generally requires a full-time commitment.

Will Snip-its help me with marketing?

Snip-its will provide a grand opening advertising package specifically for your trade area, as well as production and strategic assistance with your on-going local advertising efforts. On a regional level, you may join a regional advertising co-op that will handle the production and placement of direct mail, print, radio, and television advertising.

What are the franchise fees?

A one-time \$25,000 initial franchise fee is charged for your first unit. In your first year of operations, you will pay a royalty fee equal to 5% of your gross receipts. After your first year, the royalty fee will increase to 6%, and remain at 6% thereafter.

Will Snip-its help me get financing/loans to help me start my business?

While Snip-its does not offer direct financing at this time, we will offer assistance in designing the best financing strategy for your investment. Snip-its is registered with the SBA to facilitate the financing process.

Okay, I'm ready to open my first Snip-its unit. What's the next step?

Your exciting Snip-its adventure starts with the Confidential Franchise Application. Please fill out the application completely, and mail it to our corporate office.

A Snip-its representative will contact you to help you get started with the franchise approval process.

