

PLAYERS

Executive Order

Buy or Be Bought

Fraser Clarke is not only a prescient deal-maker who helped sell Hair Club — he's also its president. And thanks to his war chest, he's been on an acquisition tear **BY PAT OLSEN**

Don't mistake Fraser Clarke's youth for inexperience. Just ask the company owners who have sat across the table from the 32-year-old president and CEO of Boca Raton, Florida-based Hair Club.

In a little over a year, Clarke has studied 40 companies, negotiated with 20 of them and bought 10.

When it comes to Hair Club (the company dropped the "for Men" portion of its name in the wake of a women's-baldness treatment boom), Clarke has seen every side of the deal. In 1999 and 2000, as a 25-year-old banker at Toronto boutique investment house Commercial Capital, he served as an advisor, helping a Canadian investor buy Hair Club. For the next two years, he honed his negotiating skills as liaison between board and management. Then he helped close a deal in which Bay Street kingpin Steve Hudson and EdgeStone, a private-equity firm, transitioned from minority investors to majority. Realizing what they had in Clarke, Hudson and the EdgeStone crew installed him as CFO.

Within two years, Hair Club earnings had more than doubled as it expanded to female clients, and Hudson and EdgeStone decided it was time to sell. In 2004, Clarke helped spearhead the \$210 million sale of the company to Regis Corporation*, a company with nearly \$2 billion in market capitalization. "The most stressful part of the process was giving 10 presentations in five days to the most promising bidders," he says. "There were some very talented people across the table asking a lot of detailed questions. They thought I was really young to be answering."

Hair Club now operates as a wholly owned subsidiary of Regis, and it is "not your father's Hair Club," as its ads say. The firm uses the latest technology to develop cutting-edge hair-loss treatments. An important part of the business is providing alternatives to wigs for cancer patients and sufferers of alopecia.

Emboldened by his success with the sale, Clarke — whom Regis management quickly elevated to CEO — is on an acquisition tear;

rolling up little companies in his space (his average deal size is around \$2 million). He structures the transaction and the internal M&A, and integration groups, which he sets up, take it from there. The CEO's main challenge is to get targets to open the tent. "Too many companies are loath to give up their financial and client information," he says.

Clarke understands a competitor's desire to keep its secrets, but he also resents the implication that he would use such information to Hair Club's advantage. "That," he insists, "would never happen." □

Hair Club CEO Fraser Clarke is helping grow follicles — and his business.



SCORECARD

Fraser Clarke

Age 32

City Boca Raton, Florida

Firm Hair Club

Position President and CEO

Education Honors Bachelor of Commerce, Memorial University of Newfoundland in St. John's

Career Arc Started as an accountant at Ernst & Young in Toronto. Moved into investment banking at Commercial Capital in 1999; joined Hair Club as CFO in 2002. Took on COO duties as well in 2004; promoted to CEO in 2005.

Really Big Deal In 2004, helped engineer the \$210 million sale of Hair Club to Regis Corporation. He was not yet 30 years old.

*** FOOTNOTE**
The Minneapolis-based Regis Corporation spent 2006 on a hair-salon buying spree, snatching up hundreds of them across North America. The next 12 months should witness a similar flurry of acquisitions, according to Regis finance director Jack Nielsen. "We'll pay three to five times cash flow," he adds.