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## Building a Do-It-Yourself Beauty Conglomerate

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Products from Beauty & Pin-Ups.  
*Courtesy Photo*

The starting point for developing a multibrand portfolio is launching a single brand. That's the step that Level Beauty Group took recently, when it launched its professional hair-care brand Beauty and Pinups at salons.

Level Beauty defines a new kind of emerging beauty company — including competitors like Deciem, Luxe Brands and Luxury Brand Partners — all of which have pioneered a relatively new formula for creating quickly growing mini-conglomerates. They either acquire young brands or birth new ones in-house.

The Charlotte, N.C.-based Level Beauty Group seeks to purchase young brands and escalate them by providing the infrastructure essential to ramping up. During its first year under Level Beauty Group's control, the company anticipates Beauty and Pinups' revenues will go from \$1 million to \$10 million.

“There is a lot of potential in the marketplace, but not necessarily the know-how to transform that potential into success,” said Kenneth Kahn, cofounder, president and chief executive officer of Level Beauty Group, and a former Muzak executive vice

president. “We are business operators who come in with our own capital. We are actively involved in building the brands and the go-to market strategy for them. We invest early and often, if that is what is required for the business.”

Kathy Ireland, chairwoman, ceo and chief designer at Kathy Ireland Worldwide, is convinced Level Beauty Group is pursuing a winning strategy. She’s signed on as the company’s chief creative officer. “Level Beauty Group has an extraordinary approach to the beauty industry that truly sets them apart from any other company in the marketplace,” said Ireland. “Level Beauty Group’s eye for imaginative and influential brands is incredible. They are focused on brands and business models for Millennials and the future.”

Along with Ireland taking up the creative reins, Erik Sterling, chief financial officer of Kathy Ireland Worldwide, has become a member of Level Beauty Group’s board. Joining him on the board are Anthony Shriver, founder and chairman of Best Buddies International; Tyler Runnels, chairman and ceo of boutique investment bank T.R. Winston & Co., and Marty Sumichrast, vice chairman and cofounder of Siskey Capital LLC, an investment firm backing Level Beauty Group. Siskey Capital is in the process of raising \$1 million to support the company and expects to raise more subsequently.

Level Beauty Group is beginning in the salon segment because it’s in the wheelhouse of its cofounder and chief operating officer Brian Anderson, an NFL agent who worked for nearly two decades at Columbia Beauty Supply, a salon products distributor owned and run by his father John Donald Anderson before it was sold to L’Oréal in 2008. Also the company believes salons are open to experimenting with new brands. However, Kahn emphasized the company isn’t considering only professional hair-care brands for acquisitions.

“The salon industry is starved for innovation. It went through an extended period of big companies buying the regional, family-

owned distribution businesses, and that created stagnation for many of the younger, entrepreneurial brands that used to be sold through regional distribution,” said Kahn. “Most of that acquisition has stopped, and we felt there was a need for an artistic, fashion-oriented brand with great products.”

Hairstylist Priel Maman introduced Beauty and Pinups two years ago and remains involved as lead creative stylist, although Level Beauty Group has tweaked the packaging and product assortment. The company hired Brick, the San Francisco design firm that counts brands the likes of Dreyer’s and Beats as its clients, to simplify the old packaging that featured heavily tattooed pinup models. The updated packaging contains illustrations of throwback pinups perched inside black ampersands against white backdrops that embody Beauty and Pinups’ sassy female empowerment ethos.

“We made it a very visual concept,” said Kahn. “It becomes clear what the message the company is trying to get across is. If you looked at the original packaging, it was very much going to be a niche product.”

Beauty and Pinups is hitting salons with seven hair care products priced from \$23 to \$30: Flaunt Silkening Shampoo, Lavish All in 1 Cleansing & Conditioning, Fierce Firm Hold Finishing Spray, Fever Thermal Protectant Styling Spray, Sway Blow Out Styling Primer, Linger Style & Sculpting Spray Gel, and Luxe Leave-In Spray On Revitalizing Conditioner. Key ingredients are Amla, Argan and avocado oils. The formulas are free of sulfates, parabens and phthalates.

A critical reason Level Beauty Group was attracted to Beauty and Pinups is the brand’s universality. “We thought it had the possibility to be almost anything we wanted it to be,” said Kahn. By the end of next year, its hair-care assortment will reach 11 products. Ultimately, Level Beauty Group plans to expand Beauty and Pinups merchandise to hair tools and accessories, cosmetics and fashion.

In the first half of next year, Kahn projected Level Beauty Group may add another brand to its portfolio. Rather than focus on the size of brands it considers for acquisition, the company is focused on how rapidly revenues can climb after acquisition. “In the case of Beauty and Pinups, it was a small brand doing about \$1 million in sales, but we thought there was room to dramatically grow the brand. We are looking for accelerated growth that we can sustain,” said Kahn. “We are loving the early-stage innovations that we are seeing. We are not trying to compete with private equity or strategics that want to buy bigger brands. The bigger the brand, the harder it is to realize dramatic growth.”