



More than lip servi

Gillian Franklin's cosmetics company, the Heat Group, has proved that providing employees v flexible working conditions is completely compatible with fast growth. By **Andrea O'Driscoll**



Gillian Franklin's Heat Group has grown rapidly as a distributor of well known cosmetic brands, and she attributes much of the company's success to its flexible and sympathetic approach to the needs of its staff including maternity leave.

GILLIAN FRANKLIN, the founder and Managing Director of the Heat Group, is a woman who likes to walk her talk. A long-time advocate of women in business she was prompted to start her own company by a series of programs she ran to encourage more women to assume control of their financial destinies.

"In around 1998 I was doing a lot of research on young women as part of my work at Creative Brands," she explains. "One of the things I learned was that most women still had this concept that ultimately they would marry the prince. In fact, only one woman in 12 is financially taken care of by a male partner today."

Her findings led her to launch a series of programs for young women to teach them the importance of financial independence called the 'Australis Self-Made Girl', which she ran in conjunction with her role as General Manager at Creative Brands.

"At some point I thought, here I am encouraging young women to become financially independent and to start their own businesses, while I enjoy the comfort of corporate life," says Franklin. "I started thinking that maybe I should be building up some assets for myself rather than for other people, so I decided to leave corporate life and form my own company."

The bulk of Franklin's career had been spent working for cosmetics companies such as Revlon and Creative Brands, so, deciding to stick with what she knew best, she wrote a business plan around the development of her own cosmetic brand. She formed the Heat Group in May 2000 with a skeleton staff of five, but not long after the business was incorporated Franklin was presented with an opportunity that was simply too good to pass up.

"Someone called me and said Proctor & Gamble are looking to change their business model in Australia from a subsidiary model ▶



to a distributor model and your name has come up as a person who might be able to take this on," explains Franklin. "I hadn't anticipated becoming a distributor for other brands, but much to everyone's surprise we won Proctor & Gamble's business. Even in those days it was worth \$26 million."

Franklin's experience and reputation in the industry might have helped her win the business, but it was her hard work and dedication that made it possible for her to deliver on her promises. "We were just a start up, we didn't even have an office," she recalls. "Very quickly we were propelled from being a start-up to being a medium-sized business. I had to secure warehousing, logistics, I had to get an office, computers and employ more people. The first 12 months was barely organised chaos."

Outside the square

Proctor & Gamble is the Fortune 500 parent company of cosmetic brands Max Factor and Cover Girl, and ordinarily it has a reputation for being fairly conservative in its approach. "I remember talking to Proctor & Gamble and saying, 'I need you to do something very un-P&G like. I need you to think outside the square and look not at what the Heat Group is today, but at what it could be in the future and I need you to have that trust in us'. And they did."

The Heat Group is effectively responsible for the running of the Australian business. "Proctor & Gamble are responsible for the equity of the brands and the core communication and product development and we are responsible for all the local promotions and all the sales functions," explains Franklin. "We present the products to retailers, we're responsible for ordering and shipping and then making sure they sell through — so it's the full cycle."

Franklin was instrumental in securing former Miss Universe Jennifer Hawkins as the face of Cover Girl Australia. "That was actually our idea," she says. "That's a good example of how our role is both creative and strategic. It was before Jennifer was as famous as she is today, but we felt we could really enhance the brand with a local identity and we felt that Jennifer epitomises what Cover Girl stands for. It was something that they hadn't done before, but they gave us approval and it's been very successful."

Around four years ago the Heat Group expanded its portfolio with the acquisition of Queensland-based cosmetics brand Ulta 3. According to Franklin one of the key drivers

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behind the purchase was the company's foothold in the pharmacy market.

"Buying Ulta 3 actually came about by default," she explains. "We were struggling to secure distribution in pharmacies because we'd come to the market quite late, behind the Revlons and the L'Oreals. It's a hard market to crack because space is so limited. I heard that this brand was coming up for sale and when we looked at it we realised it was an amazing opportunity because it had a very strong pharmacy distribution."

Ulta 3's strong links with pharmacists has proved very beneficial for the entire group, but the brand has also proved immensely successful in its own right. "We were very proud at the end of last year to see that Ulta 3 is now the number one nail polish in Australia," says Franklin. "To beat Revlon, which is the market leader in the cosmetics industry, when it is sold everywhere and this brand is only sold in pharmacies is a great achievement."

The Heat Group has also formed distribution agreements with the companies behind Bourjois Paris cosmetics and Elite hair and beauty accessories. Franklin believes the company's future growth will rely on a combination of acquisition and distribution. "We have very ambitious targets for growth," she says. "And it will be through a mixture of new brands that we distribute and new brands that we acquire."

The company's growth to date has been impressive, far outstripping that of the industry sector as a whole. "If we had grown at the same rate as the market when we took on the Proctor & Gamble brands, we would probably be turning over between \$40 and \$45 million today," explains Franklin. "Instead we'll do well over \$70 million this year."

Work life balance

But Franklin hasn't forgotten the principles that underpinned her decision to start her

own business. In an industry dominated by women, she has worked hard to make the Heat Group a shining example of equal employment opportunities that enables its employees to achieve a work life balance. "I'm particularly passionate about women with children in the workplace because I know how hard it can be," explains Franklin. "I don't believe that women should be forced to make a choice between a career and children. It is possible to do both."

From the outset, Franklin devised a number of parent-friendly policies that would make the Heat Group a supportive environment for working mothers. "From when we started the company nine years ago we offered paid maternity leave and that was extremely rare," she says. "Only 19 per cent of SMEs offer paid maternity leave today, never mind nine years ago. People asked how we could possibly afford it, but it's not about the cost. We actually structure it as a return to work incentive, so three months full pay is awarded to them when they come back to work. For us it's about retaining intellectual property and it's about saying, we value you and we want you to come back."

Since its inception 19 women have taken maternity leave and then returned to their positions at the Heat Group. For those women with children, Franklin offers the kind of flexibility that enables them to juggle their role in the company with their role as a mother. "I think a lot of companies tout a flexible work environment, but my experience from talking to women is that when they try and take advantage of it, they're made to feel awkward," she says. "We try not just to have a policy but to have a culture that genuinely supports that flexibility." ●

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