

PROPOSED BUSINESS STRATEGY FOR SUSTAINABLE BARBERSHOP PARTNERSHIP MODEL (CASE STUDY: KOLEGA BARBER)

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Abstract

The barbershop industry in Indonesia has seen significant growth in recent years, with an annual growth rate of 20-30%. Kolega Barber is one of the players in this industry, utilizing a partnership model to target entrepreneurs and foster collaboration among stakeholders. However, the lack of standardization in the interior of the barbershops poses a significant challenge, making it difficult for potential partners to know what to expect. This study aims to analyze the current business situation of Kolega Barber's partnership model and develop a sustainable partnership model by addressing challenges identified through a 7Ps analysis. The study employs qualitative research methods, including interviews with Kolega partners and observation. PESTEL, Porter five forces, VRIO, and SWOT frameworks are used for analysis, and a business model canvas is developed using the TOWS Matrix. The strategic implementation plan focuses on SOP development, human capital development, monitoring and controlling programs, and promotional support. Kolega Barber's long-term success and customer loyalty depend on building strong partnerships, leveraging technology, and emphasizing sustainability and a unique store concept.

Keywords: Barbershop, Sustainable, Partnership, Business Strategy, Franchise.

Introduction

The barbershop industry in Indonesia has shown promising growth of 20-30% every year, with men being 44% more likely to have their hair cut monthly than women (Plumb, 2015). The market for barbershops in Indonesia remains highly attractive, with 5,000 barbershop brands throughout the country, including Kolega Barbershop. Initially, Kolega Barbershop only offered basic shaving services. To accelerate growth, they developed a partnership system that offers barbershop partnership packages to the public (Welch, 2008). This approach promotes collaboration between entrepreneurs, barbers, and related industries, creating a sustainable ecosystem for the barbershop industry. However, the effectiveness of the current partnership system is questionable, and Kolega Barbershop faces several management issues, including late payment of royalty fees and a lack of consistent business support for partners. Control and monitoring are essential to creating a sustainable partnership model, and the company must focus on central management to address these issues (Cherrafi et al., 2017). The partnership agreement includes clauses related to managing employees, salaries, and an unclear business partner profit percentage. To create a sustainable partnership model, Kolega Barbershop needs to improve its partner management, with a focus on control and monitoring, and consistent business support (Holjevac et al., 2022). The aim of this

research is to analyze the current business situation of Kolega Barber's partnership model and to develop a new business strategy that will create a sustainable partnership model. The scope and limitations of this research are as follows: firstly, the research will focus solely on developing a partnership strategy for Kolega Barber. Secondly, the research will not cover any data outside of Kolega Barber. Thirdly, the survey respondents for this research will only be Kolega Barber's partners. Lastly, the information used in this study will be obtained through focus group discussions and interviews to ensure that the data collected is accurate and reliable (Taherdoost, 2021).

Effective franchising involves corporate sustainability, encompassing economic, environmental, and social aspects (Clarkin & Swavely, 2006). However, few franchise firms, especially those owned by local franchisors, have managed to survive in their respective industries for more than 10 years due to a lack of cash-based business capital (Samsudin & Wahab, 2018). (Jang & Park, 2019) propose a new model for achieving a sustainable and mutually beneficial relationship between franchisors and franchisees, a crucial aspect of the franchise win-win theory. The quality of the relationship between these two parties is widely considered to be the most crucial element in ensuring the longevity and prosperity of a franchise system (Karchegani, Sofian, & Amin, 2013). To measure the level of relationship quality more objectively, the study draws upon the commonly utilized components of satisfaction, trust, and commitment from previous relationship marketing studies. The relationship between the franchisor and the franchisee is a commercial partnership that facilitates cooperation within the franchise business. Relationships based on opportunistic conduct can erode trust and strain the relationship in the future (Glavee-Geo, Burki, & Buvik, 2020) The development of a sustainable partnership model is an effective way for firms to collaborate with other businesses and stakeholders towards long-term success. In the context of the men's grooming or barbershop industry, a sustainable partnership model can enable the formation of partnerships that benefit all parties, including customers, businesses, and other stakeholders (Kim, Lee, Lee, & Lee, 2021).

Method

A case study involves the empirical investigation of contemporary phenomena using multiple sources of evidence (Barnes, 2001). A case study is distinct from an experimental strategy, which is not bound to a particular context. It is most suitable for gaining in-depth insight into the research context. The author used a qualitative research method with a case study approach. Qualitative research begins by exploring a particular area, collecting data, and generating ideas and hypotheses from this data, mostly through what is known as inductive reasoning. Data collection can be carried out in various settings and using different sources and methods. In this study, the researchers employed interviews and observation as data collection methods. The interview is one of the most commonly used tools for collecting qualitative research data. It allows researchers to collect data from a variety of respondents in different situations and contexts (Sutton & Austin, 2015). Data analysis is the process of

Business Strategy for Sustainable Barbershop Partnership (Case Study: Kolega Barber)

systematically searching for and compiling data obtained from interviews, field notes, and documentation by organizing the data into categories, describing them as units, synthesizing them, compiling them into patterns, choosing which ones are important and which ones will be learned, and drawing conclusions so that they are easily understood by oneself and others.

To create a sustainable business partnership model for Kolega Barber, several gaps need to be addressed based on the 7Ps analysis. The feedback obtained from the partner data collection was then used to develop a strategic implementation plan to achieve a sustainable partnership model. The implementation plan focuses on addressing the identified problems and enhancing the business environment of the barbershop industry. Additionally, the feedback serves as the basis for formulating strategies to improve the core competencies of Kolega Barber. To develop a sustainable partnership model, the authors utilized the Development of a Business Model Canvas to create a model for Kolega Barber. Interviews with partners were also conducted to ensure that the business solution was comprehensive and effective.

Result and Discussion

To ensure that the business solution was comprehensive and effective, interviews with partners were conducted to obtain their insights and feedback on the existing business model canvas. This helped in identifying areas requiring development and generating potential solutions. Partner feedback was then used to refine the business model canvas and develop a partnership model for Kolega Barber that is more sustainable.

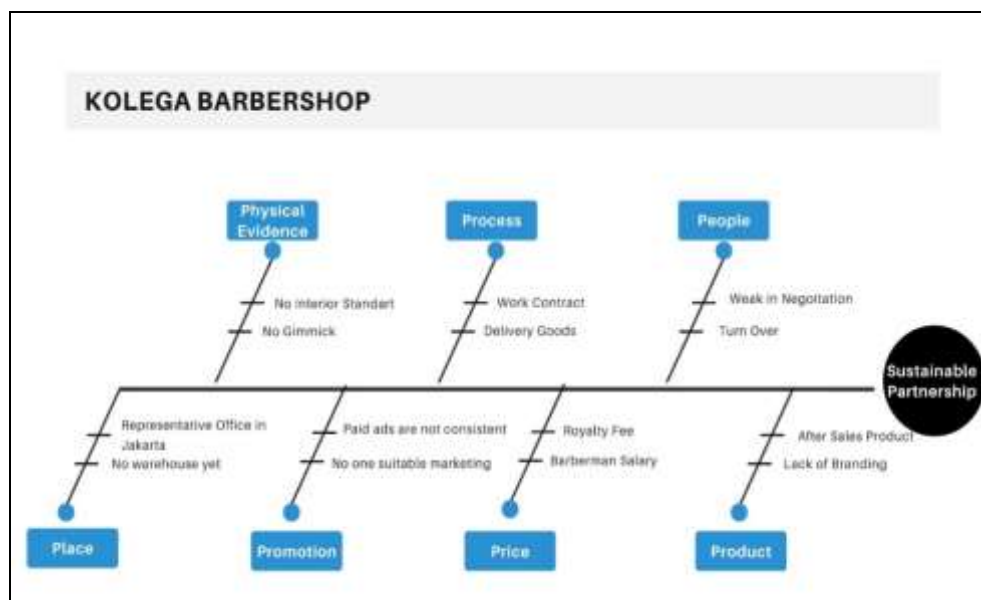


Figure 2
7P's Root-Cause Analysis

Key gaps in Kolega Barber's business partnership model, based on the 7Ps analysis, and their corresponding solutions are:

1. Place: Invest in a centralized warehouse to streamline operations and ensure adequate inventory management and logistics.
2. Physical Evidence: Standardize the interior design of all barber rooms and develop unique selling points to increase brand recognition.
3. Promotion: Hire a dedicated marketing team to manage social media, run paid advertising campaigns, and collaborate with influencers to increase brand awareness.
4. Process: Invest in a robust human resource management system to reduce turnover rates and attract skilled barbers, and establish consistent delivery systems for supplies and equipment.
5. Price: Conduct market research to determine the optimal pricing strategy that balances affordability and profitability, and consider offering promotions or discounts to attract and retain customers.
6. People: Invest in negotiation training programs for partners and establish strong human resource management practices to reduce turnover rates and improve service quality.
7. Product: Develop a loyalty program or rewards system for repeat customers, build a strong brand image through effective marketing, and expand product offerings to attract a wider range of customers.

To obtain qualitative data from ten Kolega Barber partners, a comprehensive research methodology was used. The purpose of the study was to investigate the perspectives of fairness, autonomy, formalization, support, and satisfaction in order to establish trust and commitment as part of the Kolega Barber sustainable partnership model. In conclusion, the partnership model that Kolega Barber implements has received positive feedback from its partners. They like the fact that the business is dedicated to supplying its partners with barbers of excellent quality and offering them thorough support.

Table 1 Interview Key Take Away

1. What is your opinion on the partnership system at Kolega Barber that you have experienced so far?
Kolega Barber has created a successful partnership model with satisfied partners who have praised the brand's management standards, ongoing support, and efforts to enhance the quality of barbers.
2. What are your reasons for joining into a partnership with Kolega Barber?
Kolega Barbershop Partnership's success can be attributed to its commitment to providing high-quality grooming services and support to its partners. With Kolega's extensive support system and training programs, partners can expect to receive guidance and assistance throughout their

partnership.

3. What services, products, or partnership systems do you think make Kolega Barber superior to other similar partnerships?

Their comprehensive training and support systems for their barbers and partners, along with their focus on continuously improving their services, reflect their dedication to delivering superior service and ensuring the success of their partners.

4. What is your opinion regarding to the support provided by Kolega Barber in terms of operations, finances, and promotion to its partners?

Kolega Barber's partnership model areas for improvement, better promotional support, the availability of backup and replacement barbers, and the revision of the standard operating procedure, require attention from Kolega Barber's management to ensure the success and sustainability of the partnership model.

5. What is your opinion regarding the fairness of Kolega Barber's distribution, implementation of SOP, mentoring, barberman warranty, and promotional support for each of its partners?

A point requiring improvement is promotion support. The partner recommends that Kolega Barber provide more assistance in promoting their business until they attract enough customers to support their operating expenses. Regarding operational support, Kolega Barber should provide more backup barbers and that the quality and integration of the barbers.

6. What is your response to the autonomy of the central management at Kolega Barber among its partners? Can you make partnership decisions outside of the central management's decisions? To what extent are the limits so far? Is it effective?

The autonomy provided by Kolega Barber's central management has been excellent and adheres to standard operating procedures (SOP).

7. How is the implementation of the SOP issued by Kolega Barber? Do partners feel there is regular monitoring?

The lack of regular and consistent monitoring of each partner by Kolega management has been a significant source of concern among the partners. It is important for the management of Kolega to recognize the significance of regular monitoring in maintaining the model of a sustainable partnership.

8. What is your satisfaction level as a partner with Kolega Barber in terms of the relationship aspect to the central management and the economic aspect for partners?

Kolega Barber's partners have expressed satisfaction with the level of trust and autonomy afforded them in operating their stores. However, concerns have been raised about the current level of profitability and the need for

increased support in marketing and promotion.

9. What is your opinion on Kolega Barber's commitment to carrying out sustainable partnership functions?

Improving the recruitment process for barbers to maintain the quality of services provided, ensuring backup barbers are always available to prevent disruption to outlet operations, and conducting regular monitoring visits to maintain the quality of services.

10. What are your hopes or expectations for the future of your partnership with Kolega Barber?

The partner's expectation in making Kolega Barber a sustainable partnership business is to maintain a good and solid relationship with the partners, continue to innovate and provide optimal assistance, especially in ensuring that the partnership can generate profits and continue to grow in the long run.

The Development of a Business Model Canvas was utilized to create a model of sustainable partnership for Kolega Barber. This involved identifying the essential partners, resources, activities, and revenue streams for the business's success. The business model canvas also assisted in identifying areas for enhancement and potential solutions to these problems.



Figure 2
Business Model Canvas

Business Strategy for Sustainable Barbershop Partnership
(Case Study: Kolega Barber)

1. **Key Partnerships:** Kolega Barber's success relies on partnerships with barber professionals, trainers, equipment suppliers, and marketing agencies who provide essential resources and support for the grooming services.
2. **Key Activities:** Kolega Barber focuses on efficient grooming services through barbershop partnerships, human resources development, brand promotion, outlet monitoring, and community engagement.
3. **Key Resources:** Kolega Barber's partnership model, store network, low-cost package, professional trainers, and barbers are critical resources for the business.
4. **Value Propositions:** Kolega Barber's value propositions attract and retain partners through access to trained barbers, in-house Barberman Academy, cost-effective partnership packages, and proactive support commitment.
5. **Customer Relationships:** Kolega Barber fosters positive relationships with partners through partner gatherings, monitoring and controlling grooming services, and WhatsApp groups.
6. **Channels:** Kolega Barber promotes its business model through its website, social media, Kolega Barber, and Kolega Academy.
7. **Customer Segments:** Kolega Barber targets potential customers for grooming services such as new entrepreneurs, professionals, young adults, retired professionals, housewives, and college students.
8. **Cost Structure:** Kolega Barber's cost structure focuses on human resources training and development, equipment, production, logistics, and marketing and promotion.
9. **Revenue Streams:** Kolega Barber generates revenue from partnership packages, franchise and management fees, barber academies, and sales of products and services.

In terms of fairness, autonomy, formalization, support, and satisfaction, the partnership model utilized by Kolega Barber offers partners a high level of autonomy in decision-making while adhering to standard operating standards. Even though there is room for improvement in certain areas, the level of support that Kolega Barber offers is extensive, and partners are pleased with the level of financial and operational support they receive from the central management. However, Kolega Barber should make the enhancement of their support system and standard operating procedures a top priority in order to create a more proactive and effective monitoring system that would enable partners to track their performance and receive feedback on areas for development. This would allow the system to provide a more comprehensive monitoring solution. By acting in this manner, Kolega Barber will be able to preserve its standing as a desirable choice for business owners who are interested in making an investment in a long-term, lucrative business partnership within the grooming sector.

Conclusion

In order to maintain a profitable and sustainable partnership, Kolega Barber must implement innovative solutions such as improving promotional support, backup and replacement barbers, and standard operating procedures. While Kolega Barber's central management provides excellent autonomy, the partners are concerned about the monitoring process. Using the 7Ps analysis, Kolega should consider investing in a centralized warehouse, standardizing the interior design of barber rooms, hiring a dedicated marketing team, improving human resource management practices, conducting market research to determine optimal pricing, sharpening negotiation skills,

and creating a loyalty program or rewards system. Regular monitoring is crucial to sustain the partnership model and address any issues before they become major problems. While partners appreciate the autonomy and trust they have in their store, Kolega Barber must address the challenges of marketing and promotion support as well as profitability.

Kolega Barber's success relies on strong partnerships with sustainable suppliers and local businesses, leveraging technology and unique selling propositions, and emphasizing sustainability and a distinctive store concept to stand out from competitors. These strategies are crucial for building long-term success and customer loyalty. Kolega Barber's partnership model involves collaborating with barbers, trainers, equipment suppliers, and digital marketing firms to promote the brand and manage outlets. The company offers professionally trained barbers, cost-effective business partnerships, and proactive customer service through the Barberman Academy Ecosystem. Kolega Barber targets entrepreneurs, professionals, young adults, retirees, housewives, and college students for its grooming services, and generates revenue through partnership packages, franchise fees, management fees, barber academies, and sales. The company's cost structure ensures efficient operation, including human resource training and development, equipment, production and logistics, and marketing and promotion. Kolega Barber's business model is centered on providing the best grooming services to customers while fostering positive partnerships. To implement the new company strategy, Kolega Barber should prioritize the following:

1. **SOP Development:** Establish a comprehensive and detailed SOP for the autonomous management of each outlet, including guidelines on equipment usage, product standards, service quality, and promotional support. Regular training and support programs should be provided to partners and their employees.
2. **Human Capital Development:** Invest in comprehensive training programs and partnerships with professional training institutions and equipment suppliers to provide quality employees to each partner.
3. **Monitoring and Controlling Program:** Implement a proactive program to monitor and control service quality, equipment usage, and product standards. This should include regular inspections, evaluations, and feedback sessions, as well as access to real-time data analytics and performance metrics.
4. **Promotional Support:** Provide partners with effective marketing campaigns, access to social media platforms, and customer data and insights to attract and retain customers.

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