

ADVANCED LASER CLINICS (A)

Elizabeth Ryan had been an employee of Advanced Laser Clinics (ALC) for five days. She had just completed her four-day training program in Farmington Hills, Michigan, ALC's headquarters. The majority of her time in training was focused on understanding the business, the treatments, and the selling of ALC's services. As she stepped into her new position at the Austin, Texas, clinic, Ryan considered the best approach to her day.

This clinic was a relatively poor performer. Of the 60 clinics operating at that time, the Austin clinic consistently performed among the bottom 10%. Ryan had to figure out why this was happening and more important, how to change it. The first thing she decided to do was have a meeting with her two technicians, Linda Gulford and Gretchen Moore. Her plan was to have two individual meetings, followed by a group meeting to strategize on new opportunities. The clinic was set up in such a way that only one technician worked on a given day. Ryan concluded that she would meet with the lead technician, Gulford, on her first day, and Moore on the second day. Gulford, the more senior technician, worked 40 hours a week and got a bonus based on the clinic's performance. Moore was a part-time employee and therefore did not get compensated based on the clinic's performance. Gulford technically outranked Moore, but there was no formal chain of command in place that characterized different levels of authority, other than distinguishing between clinic manager and technicians.

Background

Ryan was a 26-year-old U.S. Naval Academy graduate who had had a multitude of leadership experiences and challenges both as a midshipman and a naval officer. Ryan's first assignment in the Navy was as a Surface Warfare Officer, and she was assigned to the engineering department of a destroyer. All the sailors in her divisions were men. After she finished her first tour, she transferred to public affairs, where she worked for many senior officials and put on several events for the Navy. When that tour was over, she left the Navy and began a job in sales at ALC.

This case was prepared by Elizabeth Ryan (MBA '07) under the supervision of James G. Clawson, E. Thayer Bigelow Professor of Business Administration. It was written as a basis for class discussion rather than to illustrate effective or ineffective handling of an administrative situation. Copyright © 2007 by the University of Virginia Darden School Foundation, Charlottesville, VA. All rights reserved. *To order copies, send an e-mail to sales@dardenpublishing.com. No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the permission of the Darden School Foundation.*

ALC was the largest laser hair removal company in the country. In 2004, it had 60 clinics across the East Coast and throughout the South and Midwest. It was corporate-run and not a franchise operation. Its services included laser hair removal, skin rejuvenation, Microderm® abrasion treatments, and cellulite reduction therapy. The treatments involved pulses of light and heat conducted through radio frequency. Extensive training on equipment, protocol, and treatments was required of all ALC employees. Clinic managers were in charge of supervising technicians, selling products and services, enforcing all safety protocols, and ensuring customer satisfaction. There was a four-day training period for clinic managers in which a clinic manager would become certified to operate a laser.

Technicians came from health and beauty backgrounds. Some technicians were nurses (both registered and unregistered) but most were estheticians; sometimes local requirements, however, required that technicians be registered nurses. Technicians' primary function was to perform treatments on customers and sell additional packages and products to current customers. There was a two-week training period for technicians. In the first week, trainees shadowed a current technician, while the second week involved intensive training on the laser, protocols, and practice treatments. Technicians were trained by a registered nurse from the corporate office. Full time (40 hours a week), non-college-educated technicians made a base salary of \$40,000 a year; with bonuses they could make between \$60,000 and \$80,000 a year. Registered nurses were paid more.

Every clinic required a medical doctor (usually a plastic surgeon) to preside over the office and monitor the clinic (*not* the specific treatments). Though the treatments were medical in nature, and could cause serious injury if not performed correctly, clinics were designed to resemble a spa environment. ALC relied primarily on word of mouth for marketing. There were no national advertisements, and the clinic depended heavily on repeat customers and referrals.

The nature of the business centered on image, and the perception of beauty. Though there was no written corporate policy to require it, all the managers were women. Most were attractive and represented the image the company wanted to portray to its customers. These characteristics usually helped to sell ALC's products and services.

Day 1

This meeting was the first interaction that Ryan had with either technician, and she was very nervous. She knew that much of a person's opinion was based on first impressions. She wanted to appear to be professional, approachable, and a team player. Early into the day, she brought Gulford into the consultation room.

"Good morning, please have a seat," Ryan said to Gulford as she ushered her into the room. "I'm Elizabeth Ryan. I have lived in Austin for the past two years, and I am really excited about this position. I just finished my training in Farmington Hills and believe we are part of a very special company. I think we can do great things here." Gulford sat quietly, unaffected by

Ryan's remarks. "I'd like to get your take on how the clinic is going, hear your concerns, things you would like to see done differently, and ideas on how to make this clinic a better performing one."

Gulford responded quickly. "Well, I just don't see this clinic doing well. It's not in a good location and our clients are always complaining. Marketing does not do a good job getting us new clients. Gretchen Moore, the other technician, stinks and our clients can't stand it." Ryan thought to herself, "She stinks? Literally?" It was clear that there were some major issues within the clinic operations, morale being the most critical. Gulford continued to discuss Moore's hygiene issues in lucid detail.

Gulford said:

Don't get me wrong, I think Gretchen is a nice girl. But she comes in smelling like she only bathes once a week. She has bragged to me about sexual encounters that she's had right before work, and she comes in afterwards without showering. It's disgusting! Clients have to take breaks during their treatments just to breathe fresh air. And I'm getting screwed doing all the long treatments because no one wants Gretchen to work on them.

As if staring at a train wreck, Ryan did not move. She sat in awe and confusion about the mess she had just entered into. "Okay. I will deal with the problem." Ryan cut the technician off and tried to focus on other issues at the clinic. Her attempts to change the subject were futile. It was clear that, for Gulford, Moore's body odor was the most pressing issue in the clinic. It would not be possible to make other changes in the office until this one was dealt with.

After the meeting with Gulford, Ryan wondered what could be done. She waited to see just how serious the issue was before taking any further action.

Day 2

Ryan arrived an hour before the clinic was set to open, a bag of scented candles in hand. She spent the morning reviewing e-mails, looking over the day's client list, and mentally reviewing the meeting with Gulford the day before. Gretchen Moore was scheduled to arrive any minute. She hoped that Gulford was merely exaggerating. Ryan had the same agenda for her meeting with Moore, which was scheduled for early afternoon. Fifteen minutes before the clinic opened, Moore walked in and hung her coat on the coat rack, directly atop Ryan's coat, behind the door. In doing so, she closed the door to the small consultation room. She introduced herself with a hesitant smile, and appeared nervous.

There was no mistaking it and no exaggerating. The stench of pure funk was almost unbearable and quite offensive. Ryan immediately opened the consultation room door and turned the fan on. She could only imagine what it would be like for clients confined in a room with her

and a heat-generating laser for sessions lasting upwards of an hour. Ryan felt a wave of panic as she confirmed their afternoon meeting. Moore left the room to perform her first treatment and Ryan quickly removed her coat. In just 10 minutes her coat had picked up the awful scent of body odor from Moore's jacket. Something had to be done.