

Michele Henry: 00:04

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Brian Sheehan: 00:34

Welcome to Retail Intel, the podcast dedicated to spotlighting the most innovative and rapidly growing brands in the retail sector. I'm your host, Brian Sheehan, and I'm thrilled to guide you through the dynamic world of commercial real estate, where we explore the latest trends, groundbreaking concepts, and the stories behind today's most successful retail businesses. On this episode, I'm excited to welcome Michele Henry, the founder of FACE FOUNDRIE, a fast-growing facial art concept that's redefining accessibility and skincare. Michele's journey began with a personal need for effective, flexible skincare solutions during a transformative time in her life. That needs sparked a vision to create a modern, approachable space for skincare that fits into busy lifestyles. All with same-day booking options. Michele's mission is clear. Help people feel good about themselves, because when you feel good, you do good. I'm eager to dive into her journey, the inspiration behind Face Foundry, and how she's scaling a brand that's changing the face of skincare. Michele, welcome to Retail Intel. How are you doing?

Michele Henry: 02:04

I am great. Thank you, Brian, for having me.

Brian Sheehan: 02:07

Yeah, thanks for being here. And I'd love to start with your background. Would you mind talking a little about your career journey and what led you to start Face Foundry?

Michele Henry: 02:18

Of course. Well, I'm going to take you way, way back. I grew up in a family of entrepreneurs. My dad actually still is active in the company that he started in 1991, which was a pool business. So I got to see very early on what it looked like to be a business owner. And I loved it. I was obsessed and I knew right then and there when I started working for my parents at 13, that's what I wanted to do. I wanted to own my own business. So fast forward, I had a women's clothing chain straight out of college, which, you know, for better or worse, you kind of look back and I learned an absolute ton. We started that business with my then business partner at the time. We each brought \$8,000 because hello, we were broke college students. And we ended up growing it organically through just a ton of hard work and perseverance. And I ended up selling it eight years later. And it was the wildest ride. And I will say that business translates because I sold that company on December 14th, 2018, at 10:30 a.m. And at 10:35, I signed the lease for what would become our flagship location in the Galleria for Face Foundry. So gave myself five whole minutes. It was a wild ride, and I wouldn't change a thing.

Brian Sheehan: 03:48

You have talked before in kind of other platforms about your own skincare challenges and maybe it was kind of particularly after having kids. And you know how that inspired this concept. Can you talk more about how that shaped your brand?

Michele Henry: 04:07

Yeah, it was 2017. I had just had my third child and I had just crazy hormonal acne. And I remember feeling so self-conscious of just going out there after having a baby. You know, you're excited to share her with the world, but ultimately I just was so insecure about what I was battling with my acne problems. So I looked at a lot of different brands, different med spas, how I could try to remedy this. And I had ended up going to this med spa close by my house and was spending small fortunes every time I would go in monthly. And I thought to myself, there is got to be a more appealing version of this that is far more approachable in price and ultimately just a better experience. And when I started going down this path, there was nothing that existed. I mean, the idea of face foundry and this open air concept, it was so novel and new that it was hard to almost do research, right? Because it just lived in your brain. And so even when I was trying to explain it to people early on, it left them very confused. Like, wait, you're gonna do an open air concept where people can come in and get facials and leave after, you know, less than an hour. Now, in hindsight, it's like that's exactly what I needed at the time. So I had kind of selfishly created it for myself. But we found that we see continuous membership growth. And it's clearly self-care and wellness is such a huge component in a big industry that we're seeing grow. It's been really fun to kind of start to shape what that looks like.

Brian Sheehan: 05:51

I stopped into the Austin location maybe about a month and a half ago, and I guess I didn't realize how novel it is to provide walk-ins and same-day appointments. And how did you land on that model and why does that work so well with your customers?

Michele Henry: 06:13

It's funny. So, you know, looking back, you don't know what you don't know. We initially, our first location was next to a Starbucks. So there was constantly foot traffic, and we didn't spend any money on marketing because we had just a revolving door of people in front of our store saying, What is this? And they'd walk in and it was okay, we can get you in right now. And then we realized, oh my gosh, it was this huge light bulb moment. We need to put walk-ins welcome, and that needs to be part of our strategy when we open new stores. So it has been part of what we roll out with our grand openings ever since then. And it kind of worked out, it was definitely happenstance, it was not planned, but we realized people absolutely need that ability to walk in, be able to book a service. And it is really unexpected, but it's a great way for us to continue to surprise and delight the client. So that's what we kind of aim to do, and we've just continued to build off that.

Brian Sheehan: 07:15

I love that. How big a part of that is your business as like say a percentage of sales, the walk-in component.

Michele Henry: 07:23

I mean, well, I will say not all of our stores can handle walk-ins now that they're at full capacity. So it's a good problem to have, right? There are times where we've had to take down that sign because it's almost false advertising. We can't get people in that same day, but we do everything we can within our scheduling matrix to try to accommodate. The lovely part is as we continue to grow, and you know, you've experienced our Austin location. We recently just opened our Terrytown location, which is about 10 minutes away, and that's brand new. So with having more locations, we can now start to see if clients want to jump to a different spot to be able to get in to make sure we accommodate.

Brian Sheehan: 08:07

I read that there's a lot of founders, aspiring entrepreneurs, maybe people who are interested in, you know, buying a franchise business. And I had read that you built Base Foundry debt-free. Can you talk about why that's been so important? And yeah, how did you even arrive at that decision to not use debt?

Michele Henry: 08:30

I think it stems back to my first concept, right? Where we didn't have the option to take out a loan. It was 2010 and we were right out of college. I had literally no material assets to use really as leverage. So it was almost the only option I knew. And so going into Face Foundry, it's kind of the only path I had ever really charted was going in, knowing, okay, there's gonna be a lot of sweat equity dumped into this. Can I do it? Do I have the time? And I did. Looking back, I definitely see the pros and cons, right? Of taking on capital outside capital. And obviously growing faster is one of them. Although I will say we were really strategic with the franchisees we brought in because I knew initially I wanted to franchise. So bringing in all of these franchisees that really believed in the mission, I think that we've been able to grow rather quickly without having to take on, you know, any sort of debt.

Brian Sheehan: 09:34

It seems like one, I mean, you're you're growing in the growth mode. And you know, one of the challenges I hear often about expansion is, you know, how do you ensure a consistent and high quality customer experience across multiple locations? So what's your trick?

Michele Henry: 09:54

Oh, that is, I mean, that's the number one question, right, in franchising, that consistency is key. For us, we have created a roadmap and we call it our client journey. And it breaks it down very specifically of all of the checkpoints our estheticians and front bar and franchisees have to hit in that journey. So making sure that every experience Brian is greeted, we're gonna make sure that we know that we're addressing him by name. We already know a lot of his paperwork is done. Every single checkpoint is key. And so you have the exact same experience no matter which location you're going into. And you can't really tell that there's you know different ownership. It really does feel unified. And I think that client journey has been really the north star of how we look at expansion and how we do it responsibly to make sure that our brand is protected.

Brian Sheehan: 10:50

I think I read your part of your mission includes providing education, you know, beyond the walls of the store. And how do you bring that to life?

Michele Henry: 10:59

Oh, we are constantly preaching education. So our output, either through our operations training or what we're trying to do with a joint business planning, which we cater to, we customize for each franchisee, and that is hosted quarterly, free of charge, to make sure that everything we can do to set up their team for you know success is crucial. We also are educating our clients, and that happens bedside, that happens with follow-up emails. There's a lot that we push on with education and innovation.

Brian Sheehan: 11:35

I wanted to talk for a little bit about um growth and expansion.

Michele Henry: 11:39

Yep.

Brian Sheehan: 11:40

So you currently have 65 locations?

Michele Henry: 11:44

Yep.

Brian Sheehan: 11:45

And on track for 107?

Michele Henry: 11:48

Yes.

Brian Sheehan: 11:49

By the end of 2026?

Michele Henry: 11:50

You did your research. Good job.

Brian Sheehan: 11:54

Thank you. Can you talk about some of the specific challenges that you have had to overcome in order to achieve that growth? What have been some of the biggest?

Michele Henry: 12:04

Oh man, that's a great question. I would say real estate has probably been the biggest challenge. And, you know, you have to break down challenges, buckets of ones that you can

control and a bucket that you can't control. And real estate for us, we are really picky. So we are going in class A real estate, which means that it's highly sought after, and we're competing with a lot of national brands to get that real estate. With that, you are kind of at the mercy of something opening up, a new development, or someone leaving. And I think that has been a real challenge for us to just be patient, but it's paid off, and I think we remind ourselves of that every day. You know, South Congress was a fantastic location. I waited for three years for an unbelievable site to open up. I never thought I would be on South Congress next to the Hermès store, and it happened. And I do think that location has really been paramount in our brand expanding as fast as it has.

Brian Sheehan: 13:12

So patience is a big part of the answer. I mean, you lasered in on a location that or corridor or center, Galleria, wherever it is, you you knew where you wanted to be and you were patient.

Michele Henry: 13:26

I think patience and knowing having brand standards and not bending. Being able to say no is something that it's really hard to do, especially when you are you feel like we're on a rocket ship. It's like, yes, let's get location here and here and here. But ultimately, you know, you start to have locations that you you don't really want in your portfolio. And that's for us something that I've really tried to stay strategic and keep us laser focused on class A real estate. And if it's not going to be an amazing fit with co-tenants, then let's not even entertain it.

Brian Sheehan: 14:03

There's a real, I guess, balance there. If you're a franchisee, you want to get open and operating, and you've committed to doing that, but at the same time, you don't want to make a bad decision in terms of real estate.

Michele Henry: 14:15

Yeah. And we've found we've gone through some real estate brokers, and I feel like we have great partners now in the real estate division. But I also then go back to making sure that our real estate partners understand exactly what the brand is. So they aren't just coming in showcasing one location because that is the that's the single worst thing you can do to a new franchisee stepping into our system is let them fall in love with just one space. You lose all the leverage.

Brian Sheehan: 14:46

And you're really relying heavily on the brokers to help educate them, guide them, hold their hand through that process.

Michele Henry: 14:52

Yep. And we lay out a lot of it, uh, what our expectations are to those brokers. So again, it's very cohesive. The messaging, the expectations are very aligned when we make that introduction.

Brian Sheehan: 15:03

So let's continue talking about real estate for a minute. What's the ideal size and layout for one of your locations?

Michele Henry: 15:11

Perfect size, anywhere between 14 to say 1700 square feet. The lovely part about that size is typically we go in and we view our sites as sisters, not twins. And what that means, Brian, is that we're not your traditional franchise that is going to make you take that site down to the studs and completely rebuild it so every single location is the same. We are going in, we are working with the assets that are there. So right now we've got a really cute spot that we're helping our franchisee develop in Lohigh in Denver. It's got a lot of exposed brick, beautiful flooring. Let's make it work. Let's make the space work for the brand and know that these sites are sisters, not twins. So for us, I love the the sweet spot of that 1500 square feet because oftentimes it's either a retailer that's gone out of business or a local that's gone out of business, or it's a space that is carved out and it's it's pretty small where we can go slot in to kind of it's like the afterthought. Um, so there's been some good leverage we've been able to work with, and that seems to satisfy our eight-bed count and exactly kind of what we want from a layout standpoint.

Brian Sheehan: 16:37

If I remember correctly, South Congress store is it's kind of an NCAP, but you know, it's a bit more kind of walkable urban environment. So, how do you think about inline spaces versus end caps versus freestanding?

Michele Henry: 16:54

It all depends on the co-tenants and the walkability. We share a wall with Lip Lab, which again, same demos. We the front of the store looks out to Sun Life Organics, one of our favorite co-tenants. And exactly their client is our client, and it's been really beneficial. So it doesn't really for me. I always like an NCAP. I mean, who who doesn't like the corner spot? But only if it suits the actual layout that we want. Our Dallas uptown location is a on a very prominent corner and it works really well. Beautiful lighting. So I'll never turn down a good corner space. Double signage, I could go on and on.

Brian Sheehan: 17:41

I love it. So you talked about Lip Lab. I can kind of remember seeing that store. Um, what other what cotenants are you looking for? What kind of retail environments? I mean, I understand South Congress, but are you interested in you know other kinds of shopping centers, corridors?

Michele Henry: 17:57

We love being near any sort of wellness-focused fitness concept. So Pilates or any sort of sweet green or salad juice bar, we do quite well. We love high-end soft goods that has worked well for us, like uh Reformations across the street, and Hermaze is next to us on South Congress. But really, I would say going back to our original flagship location, being next to that Starbucks where you are getting lots of eyes on your brand, and people are in and out and curious. I think that's been really beneficial for us.

Brian Sheehan: 18:35

And what's the kind of target demo core customer look like? I mean, I have a sense, but how do you break it down?

Michele Henry: 18:42

I would say 28 to 48 is typical. Of course, it depends on the location. It can vary. In some of our more urban rings, we're seeing a higher population of men attending and getting memberships, which I think is just I think it's fantastic. And I love that there's constant interest and there's a growing need. And so I think that's something that we're gonna continue to expand on in the coming years with our marketing.

Brian Sheehan: 19:11

How do you think about the breakdown between men and women? What's what's kind of the percentage kind of currently? Do you see the percentage of men growing over time?

Michele Henry: 19:21

We do. I would say that right now it's a smaller percentage, but we definitely see the opportunity there. So we've got some fun activations coming up.

Brian Sheehan: 19:29

And what's driving that in the space? What's driving kind of growth in your business? I mean, I understand there's it seems like a lot of wellness, health, focused brands and businesses are growing kind of generally today. But fitness, for example, kind of goes up and down. Maybe, you know, specialty falls a little bit, but then the high value, low-cost fitness operators are doing really well and you know, growing quickly now. How do you think about kind of growth in this industry?

Michele Henry: 20:03

It's been really fun. I love the local activations where we get to work with other businesses because to your point, right? It's our franchisees are typically that community notable. So I think taking a step back and looking at the profile of our franchisees, what they do is then they understand exactly who they want to partner with in their market. And that local movement is such a power play that I feel like that's something that our franchisees that are doing it really well, they know exactly which coffee shop they want to partner with. They know exactly which fitness concept they want to partner with. And a lot of that growth we're seeing is done face to face on a really organic level. Obviously, we we do a lot of digital marketing and different campaigns and national activations, but I do love the the local angle, is something that it's not always the easiest to maybe track the metrics, but it is so important for our brand.

Brian Sheehan: 21:01

Oh, absolutely. I'm dying to ask you about economics, but I guess both from kind of the AUV perspective, but also how services and products break down kind of inside the business.

Michele Henry: 21:18

Yeah, so I can tell you what I can tell you from our FTD, which you know. Sure. So AUV is just over 800,000 for a location that's been open 12 months or more. Um, our average build is anywhere between 300 to 600. So the again, the scalability is there, the affordability from a build-out standpoint is there. And for anyone that's listening and hasn't seen our locations, they are gorgeous. I mean, you will walk in, you won't think that they are done on the cheap. Like they are very high-end feeling, but we've figured out efficiencies to really tackle. So making sure that that item seven was one that we really had a good grasp on was important to us. Products, you know, it varies store to store, anywhere upwards of you could get to 15%, 20 depending. And then services, obviously, our focus facials are our main category, but we have a really strong membership base.

Brian Sheehan: 22:22

Go back a second. So build out. I guess I'm surprised to hear that build out would only run somewhere between 300 to 600, just given kind of what I saw inside of a store, and you talked about the efficiencies. You mentioned item seven. Can you talk a little bit about more what that means for somebody that's not familiar with uh franchising?

Michele Henry: 22:43

Yeah.

Brian Sheehan: 22:43

Kind of generally.

Michele Henry: 22:45

So in the FDD, the franchise disclosure document, the areas I always hone in on, item seven are all in costs. So you step into a franchise, not speaking specific for Face Foundry, but any franchise system. Item seven is going to break down your all-in costs. And that usually includes, you know, operations training, it could be up to three months worth of operating capital, the build-out inventory, all of it, everything to get doors open. And that is going to be your all-in cost. And item seven will give you a range. And we worked with what we had in South Congress, and the assets that were there, there were a lot of assets that we were able to keep as is, and then obviously others that we added in, like the curved walls that really elevate the space. So that's why there's such a wide range. Um, also, we have stores that are as small as 1100 square feet and up to 27, 2800 square feet. So size range also does vary pretty substantially.

Brian Sheehan: 23:52

I guess two things. One, you said there were a couple items that you like to hone in on on the FTD. And then also, how has the size rate? So the size range has come down a little bit over time, and what's driving that?

Michele Henry: 24:07

I think overall operating costs, right? Like we figured out kind of our sweet spot, and we like to be in some of those smaller uh spaces because we can make them work for us. And the in the FDD, you know, the item seven, obviously, that's what I covered in all in costs. Item 19 is a

breakdown of, and not all franchisors disclose item 19, but item 19 is a breakdown of what the AUVs look like.

Brian Sheehan: 24:37

And how's it broken down in item 19? How do you break that down?

Michele Henry: 24:41

Uh, we'll do like, you know, services, products, memberships, all of that. And then typically, and this is how we break it down in our FTD, it's length of time that a store has been open. So you get some idea of what that kind of what the runway looks like.

Brian Sheehan: 24:59

Gotcha. Well, Michele, it's really been a pleasure speaking with you today. Thank you for joining me on Retail Intel. Be sure to check out Face Foundry in person and on Instagram at [facefoundry](#).

Michele Henry: 25:12

Thank you for having me.

Brian Sheehan: 25:16

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