

REGIS CORP
Form DEF 14A
September 06, 2018
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Regis Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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**Letter From THE
INDEPENDENT DIRECTORS**

Dear Fellow Shareholders,

Many independent board chairs write proxy-opening letters but rarely do shareholders receive a letter from all of the independent directors. You won't read a letter like this one very often.

We, the independent members of Regis Corporation's board of directors really are fellow shareholders. We also represent you and seek your counsel in ways that make typical shareholder engagements seem perfunctory—indeed, we would be remiss if we didn't open by thanking a substantial number of you for your thoughtful and detailed input into our like-no-other, designed-from-scratch compensation plan.

The compensation plan we are just rolling out tells you a lot about our willingness to be creative leaders. As you will read in more detail in our Compensation Discussion and Analysis, we started with two key concepts:

- Shares that people buy with their own money create a much stronger alignment than shares that are awarded as part of an overall pay plan.
- Shares that can be quickly sold off after short vesting periods, and get replenished every year, do not align interests as strongly as shares that are awarded less often and come with longer measuring, vesting, and holding requirements.

Our new pay plan strongly encourages executive officers to buy shares with the money they earn only if they first achieve annual short-term incentive targets. In addition, our substantial up-front equity grants—that will be the executive officers' only automatic ones for the next five years—come with meaningful performance and holding requirements.

Our governance profile is as exceptional as our compensation. We have a refreshed and diverse board that is committed to facilitating Regis' transformation. We have implemented majority voting; annual director elections; one-share, one vote; special meeting rights at 10%; and have majority voting for M&A and bylaw amendments as well as no poison pill.

We hope you are pleased with the performance our team is delivering, encourage you to use the services of our salons, and invite you to provide us your thoughts via the means we describe in this proxy at any time: we cast a wide net for ideas and take your investment in us seriously.

Sincerely,

Dave Williams Daniel Beltzman Ann Rhoades Mike Merriman

Dave Grissen Mark Light Virginia Gambale

**Our new pay
plan strongly
encourages
executive officers
to buy shares
with the money**

**they earn only if
they first achieve
annual short-term
incentive targets.**

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To the Shareholders of Regis Corporation:

The Annual Meeting of the Shareholders (the “Annual Meeting”) of Regis Corporation (referred to as “we,” “us,” “our,” “Regis” and the “Company”) will be held at our executive offices located at 7201 Metro Boulevard, Edina, Minnesota 55439, on October 23, 2018 commencing at 9:00 a.m., for the following purposes:

To elect the eight directors listed in the proxy statement to serve for a one-year term and until their successors are elected and qualified;

To approve, on an advisory basis, the compensation of our named executive officers (referred to as the “Say-on-Pay” proposal);

To approve our 2018 long-term incentive compensation plan;

To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal 2019; and

To transact such other business, if any, as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Only holders of record of our common stock at the close of business on August 24, 2018 are entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof.

Whether or not you plan to attend the Annual Meeting in person, please submit your proxy by telephone or through the Internet in accordance with the voting instructions provided to you. If you requested a paper copy of the proxy card by mail, you may also date, sign and mail the proxy card in the postage-paid envelope that is provided with your proxy card. Should you nevertheless attend the Annual Meeting, you may revoke your proxy and vote in person.

If your shares are held in the name of a bank, broker or other holder of record, you will receive instructions from the record holder that you must follow in order for your shares to be voted. If you plan to attend the Annual Meeting and hold shares in your name, please be prepared to provide proper identification, such as a driver’s license. If you hold your shares through a bank or broker, you will need proof of ownership, such as a recent account statement or letter from your bank or broker, along with proper identification in order to attend the Annual Meeting. If you hold your shares through a bank or broker and intend to vote your shares at the Annual Meeting, you will need to provide a legal proxy from your broker.

By Order of the Board of Directors,

Amanda P. Rusin

Corporate Secretary

September 6, 2018

Notice of Annual Meeting of Shareholders

9:00 A.M.

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Websites can't give haircuts

Some consumer-facing companies are experiencing upheaval from shifts toward online purchasing and preferences for specialty or small-business brands over national ones.

Regis Corporation and our national brands enable both corporate and franchised owners to provide professional hair care that is **attractive to customers in their local markets because it involves personal service**: websites can't give haircuts.

The best of being big and small

We at Regis are committed to using technology to leverage and differentiate our salons' ability to engage in multi-channel product sales, attract and retain customers and stylists, provide ongoing educational opportunities for our stylists, and operate with state-of-the-art 'back-office' efficiencies otherwise not possible for small businesses.

We also strive to provide our salons, both corporate and franchised, with the expertise and efficiencies that come from being a part of a larger organization in order to enhance competitiveness and brand recognition. We aim to **retain the strengths of a small localized business model, while leveraging the clout of being part of the largest Company in the hair salon industry**.

Our sector

Demand for professional hair care has grown steadily in the US¹. The potential for growth in our sector is enhanced by a number of drivers including a **growing variety of competitive and ancillary service channels** (such as blow dry bars, ponytail and braid bars, booth rental facilities, online bookings, in-home services and "glam squads"), growth in the male hair care sector, and continued evolution of services customers seek (eco-friendly products, Brazilian blowouts, select hair treatments, hair extensions and non-hair services like skin treatments, eyelash tinting and teeth whitening).

So who are we exactly?

Regis Corporation owns, franchises and operates beauty salons under trade names including Supercuts®, SmartStyle®, MasterCuts®, Regis Salons®, Sassoon®, Cost Cutters®, Roosters® and First Choice HairCutters®. As of June 30, 2018, we owned, franchised or held ownership interests in 8,168 salon locations, primarily in the US and Canada. We also maintain an ownership interest in Empire Education Group in the US, a leading provider of cosmetology education in North America.

REGIS CORPORATION: THE STORY

¹According to IBIS World Industry Report OD4410, Hair Salons in the US, August 2017, the sector grew an average of 1.8% between 2012 and 2017.

And what was most notable this past year:

The Board hired **Hugh Sawyer** as President and CEO, effective April 17, 2017, to pursue an aggressive transformation strategy. When Mr. Sawyer joined the Company, he outlined a vision for the Company that included:

- a strategic restructuring of our business emphasizing the growth of our franchise platform;
- an operational turnaround of our non- or under-performing Company-owned salons;
- using technology to transform our business;
- investing in better advertising content, digital advertising and leveraging broader channels of distribution for improved content through new relationships, digital advertising program and social media;
- efforts to upgrade the recruitment, training, and retention of our stylists;
- elimination of non-essential, non-customer facing costs; and
- the revitalization of our guests' experience in our salons.

We executed on many of these initiatives in fiscal 2018 and continue efforts to advance our turnaround, transform our business and maximize shareholder value, as you will read in the pages that follow.

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Election of Directors

The Board unanimously recommends that you vote FOR the election of each of these director nominees.

Item 1

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As shareholders, you have the right to vote on each of us, the members of your Board of Directors, to continue as stewards of Regis Corporation. To help inform your vote, we share with you in this section summaries of:

- What has kept us busy on your behalf
- Who we are
- How we, the directors, are governed
- How we govern the Company
- How and what we are paid

What Has Kept Us Busy

In this section, we, your Board of Directors, provide you information about who we are, how we are organized, how we operate, and what we are paid. We would like to open, however, with a short summary of what we have been doing for you, our fellow shareholders. This important information is not always included in proxy statements and we believe we should provide it since you are being asked to re-elect us.

Our Board, working with our management team, has taken significant actions to drive our Company forward through a critical turnaround. In the 22 months starting as of October 2016 we have taken these governance and board strategy-level actions:

- | | |
|--|---|
| Appointed David Williams as our Independent Board Chair | Promoted a new President of Franchise, SVP and Chief Marketing Officer, SVP Chief Accounting Officer, SVP Merchandise and VP Creative |
| Announced that we would consider franchising our Company-owned Supercuts salons where we believe it will maximize shareholder value | Announced a multi-year sponsorship with Major League Baseball, making our SuperCuts® brand the official hair salon, official hair stylists and partner of MLB |
| Hired a seasoned turnaround expert, Hugh Sawyer, as our new CEO | Appointed Virginia Gambale, a well-regarded technologist as the eighth member of our board |
| Announced the sale of substantially all of our mall-based salon business in North America and substantially all of our international salons | Undertaken a series of engagement meetings with our shareholders to solicit ideas and input for the design of our fiscal 2019 compensation plan |
| Announced the closure of ~600 non-performing Company owned SmartStyle stores | Retained Pay Governance to help us design a new, and, we believe, highly innovative compensation plan |
| Recruited new individuals to fill the roles of EVP and CFO; EVP, CTO and Head of Engineering; SVP and CHRO; SVP, General Counsel and Corporate Secretary | |

Initiated a review and update of our governance
guidelines

We expect to continue our shareholder engagement and maintain our openness to ideas to enhance shareholder value, whatever the source. We encourage you to visit the User's Guide section of this proxy statement to find ways to share your ideas with us.

Election of directors

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ELECTION OF DIRECTORS

The Board unanimously recommends that you vote FOR the election of each of the director nominees below.

Eight directors are to be elected at the Annual Meeting, each to hold office for one year until the 2019 Annual Meeting of Shareholders and until their successors are elected and qualified. Based upon the recommendation of the Nominating and Corporate Governance Committee, the Board has nominated the eight persons named below for election as directors. Each of the Board's nominees are standing for re-election by the shareholders at the Annual Meeting, except Virginia Gambale, who was identified as a candidate by a non-management director and appointed to the Board effective March 1, 2018, and each nominee has consented to serve if elected.

Unless authority to vote is withheld, proxies submitted will be voted for the election of the Board's nominees named herein as directors of Regis. If for any reason a nominee becomes unable to serve or for good cause will not serve if elected, the Nominating and Corporate Governance Committee may designate substitute nominees, in which event the shares represented by proxies returned to us will be voted for such substitute nominees. If the Nominating and Corporate Governance Committee designates any substitute nominees, we will file an amended proxy statement that, as applicable, identifies the substitute nominees, discloses that such nominees have consented to being named in the revised proxy statement and to serve if elected, and includes certain biographical and other information about such nominees required by SEC rules.

Who We Are

Daniel G. Beltzman	Career Highlights
General Partner,	•General Partner, Birch Run Capital Advisors, LP, an investment adviser, since May 2006
Birch Run Capital Advisors, LP	•Mergers and Acquisitions and Equity Research departments of Deutsche Bank Securities, Inc. and Bank of America Securities
Independent	Skills / Experience
Director since 2012	•Financial experience and expertise
Age: 43	•Represents a significant shareholder
Board committees	Education
	BBA, Accounting/Finance, University of Michigan MAcc, University of Michigan
	Also...
	Daniel cofounded Birch Run Capital Advisors when he was 31. Birch Run looks to invest in organizations that believe that value follows values. It looks for organizations whose people are

•Compensation, willing to invest their time, resources, and reputations to support both.
Chair

Other Public Boards

•Nominating and Corporate Governance •Ditech Holding Corp. f/k/a Walter Investment Management Corp. (since December 2015)

Voting Support

•Technology
2017: 97.3% | 2016: 86.5% | 2015: 88.0% | 2014: 99.4% | 2013: 92.8% | 2012: 99.4%

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ELECTION OF DIRECTORS

<p>Virginia Gambale</p> <p>Managing Partner, Azimuth Partners LLC</p> <p>Independent Director since 2018</p> <p>Age: 59</p> <p>Board committees</p> <ul style="list-style-type: none"> •Audit •Compensation •Technology, <i>Chair</i> 	<p>Career Highlights</p> <ul style="list-style-type: none"> •Managing Partner & Founder, Azimuth Partners LLC, a strategic advisory firm in the field of technology innovation and growth strategies for early, mid-and late-stage companies, since 2003 •Former head of Deutsche Bank Strategic Ventures and General Partner of Deutsche Bank Capital Partners •Board President, Newport Music Festival •Adjunct Faculty Member, Columbia University •Mentor, Columbia University’s Masters in Technology Leadership •Senior management positions at Merrill Lynch, Bankers Trust and Marsh McLennan <p>Skills / Experience</p> <ul style="list-style-type: none"> •Technologist - focuses on growth and innovation strategies for technology and technology-driven services companies •Senior management positions (including CIO) at Merrill Lynch, Bankers Trust, Deutsche Bank and Marsh McLennan •Deal structuring for venture and growth capital funding; led numerous M&A transactions in the tech sector <p>Education</p> <p>BS, Mathematics & Computer Science, minor in Business, New York Institute of Technology</p> <p>Also...</p> <p>Virginia has extensive expertise in transformative business technology. She is also a concert pianist.</p> <p>Other Public Boards</p> <ul style="list-style-type: none"> •JetBlue Airways Corporation (since 2006); Compensation Committee Chair •First Derivatives plc (since March 2015)
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Former

- Dundee Corporation (2015 – 2018)
- Piper Jaffray Companies (2009 – 2011)
- Motive, Inc. (2004 – 2008)

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ELECTION OF DIRECTORS

**David J.
Grissen**

Career Highlights

**Group President,
Marriott International,
Inc.**

•Joined Marriott International, Inc., a global operator of hotels and related lodging facilities, in 1986 with his most recent role being Group President since 2013

Independent

•Various positions at Marriott including Group President, Americas; President, Americas; Executive Vice President of the Eastern Region; Senior Vice President of the Mid-Atlantic Region and Senior Vice President of Finance and Business Development

Director since 2013

Skills / Experience

Age: 61

Board
committees

•Leadership experience with a complex organization that includes franchised, managed and owned operations

•Audit, ACFE

•Building marketing platforms with multiple portfolio brands

•Nominating
and Corporate
Governance, *Chair*

•Acquisitions and integration

•Technology

Education

BA, Michigan State University
MBA, Loyola University Chicago

Also...

David implemented the 4 Disciplines of Execution because he saw how employees understanding how their day-to-day activities relate to the company's overall business results made them feel they were all working towards a common goal and they make a difference and have a voice.

David, a long-time runner, served as Vice Chairman of Back On My Feet, a non-profit whose mission is helping the homeless via a structured running program.

Other Public Boards

Former

•Good Times Restaurants Inc. (2005 – 2010)

Voting Support

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2017: 99.0% | 2016: 89.0% | 2015: 89.3% | 2014: 99.5% | 2013: 98.1%

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ELECTION OF DIRECTORS

Mark S. Light

Career Highlights

Former Chief Executive Officer, Signet Jewelers

•In 1978 joined Signet Jewelers, the world’s largest retailer of diamond jewelry (with over 3,500 stores including Kay Jewelers, Zales, Jared The Galleria of Jewelry, H. Samuel, Ernest Jones, Peoples and Piercing Pagoda) operating in North America and the United Kingdom

•Chief Executive Officer and Director of Signet Jewelers from November 2014 until his retirement in July 2017

Independent

•Various management positions including President and Chief Operating Officer, Executive Vice President of Operations and Division President while at Sterling Jewelers, Signet’s main US business

Director since 2013

Age: 56

Skills / Experience

Board committees

•Led an international sales team to deliver a superior customer experience

•Compensation

•Led the development of start-up retail jewelry brand, Jared the Galleria of Jewelry to over \$1 billion in annual revenue in 2017

•Nominating and Corporate Governance

•Led and managed many acquisitions while integrating synergies

•Led in the acquisition and integration of a large diamond-cutting factory in Botswana, Africa

•Technology

•Led in the development of several exclusive international jewelry product brands such as Open Hearts by Jane Seymour, Neil Lane Bridal, and the Ever Us Two Stone collection to name a few

Education

Kent State University and Ohio University

Also...

When Mark became Head of Sterling, he oversaw a tripling of the unit’s sales.

In his time at Signet, he oversaw a successful acquisition and integration of Zales, expanded its outlet channel by acquiring Ultra, made significant progress on the company’s OmniChannel strategy, realigned the organization structure and re- engineered and stabilized its ecommerce platform.

Mark is the Chairman of the Board of Directors of Bedrock Manufacturing, which is the parent of two iconic American brands, Shinola and Filson.

Other Public Boards

Former

- Signet Jewelers Limited (2014 – 2017)

Voting Support

2017: 96.7% | 2016: 87.7% | 2015: 88.2% | 2014: 99.9% | 2013: 98.1%

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ELECTION OF DIRECTORS

**Michael J.
Merriman**

**Operating Advisor, Resilience
Capital Partners, LLC**

Independent

Director since 2011

Age: 62

Board
committees

•Audit, ACFE, *Chair*

•Compensation

Career Highlights

- Operating Advisor at Resilience Capital Partners, a private equity firm, since 2008
- Chief Executive Officer, The Lamson & Sessions Co. (November 2006 until sale November 2007)
- SVP & Chief Financial Officer, American Greetings Corporation (September 2005 – November 2006)
- President & CEO, Royal Appliance Mfg. Co. (1995 – 2004)
- Chief Financial Officer, Royal Appliance Mfg. Co. (1992 – 1995)
- Audit Partner, Arthur Anderson & Co.

Skills/Experience

- Public company CEO leadership experience
- Consumer product sales and marketing direct to consumer, as well as to big box retailers including Walmart
- M&A experience including the sale of both public and private companies
- Public accounting experience

Education

BS, Business Administration, John Carroll University

Also...

Michael was named CEO of Royal Appliance Manufacturing at 39, after joining the company as CFO three years earlier.

Other Public Boards

- Nordson Corporation (since 2008), Chairman of the Board (since February 2018) Audit Committee Chair (until February 2018)

•OMNOVA Solutions Inc. (since 2008), Nominating & Corporate Governance
Committee ChairFormer

Former

•Invacare Corporation (2014 – 2018)

•American Greetings Corporation (2006 – 2013)

•RC2 Corporation (2004 – 2011)

Voting Support

2017: 98.2% | 2016: 87.7% | 2015: 88.6% | 2014: 99.4% | 2013: 92.8% |
2012: 95.0% | 2011: 94.8%

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