

Product on the Shelf

!!! The Product on the Shelf section of this notebook is the most vital in creating a successful business !!!

BEFORE placing your first order:

***Make a list of everyone you know that has skin
Listen to Consultant Education CD #1
SPEAK WITH ME***



Placing your first order without all the facts could result in the loss of up to \$800 in free products.

If I have not personally contacted you when you are ready to order, please contact me.
~ Check Page 2 for contact information ~

Income you can expect from your events & reorders after one year . . .

Averages

Each Skin Care Class ranges from 3 - 6 people (average is 4)

Average sales nationwide is \$200 per appointment

50% or more of attendees purchase the Skin Care Set

We retain 80% of our customers (Mary Kay is #1 in customer retention)

The average re-order per customer each year is \$157 (Basic Skin Care Only)

Nationwide average skin care and cosmetic user spends \$600+ annually

Events and Re-Orders

5 Events Per Week (10 hours weekly) = 400 customers at the end of the 1st year
\$1,000 sales x 50 weeks = \$50,000
\$157 reorder x 400 cstmrs = \$62,800
Per Year PROFIT = \$56,400

4 Events Per Week (8 hours weekly) = 320 customers at the end of the 1st year
\$800 sales x 50 weeks = \$40,000
\$157 reorder x 320 cstmrs = \$50,240
Per Year PROFIT = \$45,120

3 Events Per Week (6 hours weekly) = 240 customers at the end of the 1st year
\$600 sales x 50 weeks = \$30,000
\$157 reorder x 240 cstmrs = \$37,680
Per Year PROFIT = \$33,840

2 Events Per Week (4 hours weekly) = 160 customers at the end of the 1st year
\$400 sales x 50 weeks = \$20,000
\$157 reorder x 160 cstmrs = \$25,120
Per Year PROFIT = \$22,560

1 Event Per Week (2 hours weekly) = 80 customers at the end of the 1st year
\$200 sales x 50 weeks = \$10,000
\$157 reorder x 80 cstmrs = \$12,560
Per Year PROFIT = \$11,280



DEBT OR INVESTMENT?

Understanding what Debt Really Is!

By Unknown

What after all, is debt? Fresh out of the seminary, newly married and just installed as pastor of my first church, I was earning a little over two hundred dollars a month. When winter approached, I needed coal for the furnace. I went to the coal yard and asked how much coal I would have to buy, how much it would cost and if I could charge it. "About five tons, it will cost you \$75, and we will not charge it, Reverend. You will have to borrow the money somewhere for we don't give credit on coal." And that was that.

So, I went to ask for a loan for \$75 for the coal. The banker gave me a valuable lesson in economics. "I'll lend you the money for coal this time, but never again. When you borrow money for coal, you are going into debt. The coal will be burned. When it is gone, if you are unable to pay our loan, there is nothing you can sell to pay us back. **When you borrow money for coal, or food, or the light bill, or the water bill, you are spending money that is gone forever. This is REAL DEBT!**

If you want to borrow money to buy a car or a house, we will lend you the money. Then you are not going into debt; you are going into the investment business. If you cannot pay off your auto loan, you can sell the car, pay us back what we have coming, and any money you have left is your return on your investment. **If you borrow money to buy a store and you borrow money for saleable goods to stock the shelves, you are not in debt, you are in business.** If you cannot pay off your loan, we sell the store and the goods; if there is money left over after we are repaid, you can have the profit from your investment. If you have no money left over after paying off the loan, you haven't made any money. It's that simple!"

It was this advice which was to give me greater courage years later when starting our new church. How long would it take to collect the money from surplus offerings? Perhaps twenty years! So we decided to borrow the money. When finished, the entire development was valued at one million dollars. Nearly \$600,000 was borrowed money. Someone said to me about that time, "I hear you folks have a debt of \$600,000." I corrected him, "Actually we have no debt. We could sell our property for a million dollars, pay off all mortgages, and have \$400,000 in the bank. We don't have a debt. We're worth almost half a million dollars!"

So it is also with your Mary Kay business!

You cannot open a store with a can of tomatoes & a 5 pound bag of sugar . . .

It's a well known fact that you will sell more when you know you have enough inventory.

You'll set yourself up for success by borrowing at a low interest rate to purchase inventory at a profit making level.

If you're wondering if you really need inventory of products for your business, keep in mind that when Mary Kay started this company, she tried to eliminate the problems she had encountered in other companies.

One major problem was trying to deliver merchandise after a two-week lapse of time. She found that invariably customers lost enthusiasm, and in many cases they completely cancelled the order. This diminishes the hostess gift and casts a veil of gloom over the entire process. She remedied this situation by establishing product delivery on the day of the class; realizing that women are particularly anxious to begin using their cosmetics immediately.

One of the greatest merchandising techniques, that has put the Mary Kay Beauty Consultant where she is today, is immediate product availability. So it is very important that you have an adequate supply of Mary Kay products at your classes to deliver on-the-spot.

At the skin care class, your guests have a chance to try the product and fall in love with it. They are happy and excited about using it right away, while your instructions are fresh in their minds.

With adequate inventory, you will:

Have a sales advantage -- Many sales are missed because at the moment of the customer's greatest desire, the products are not available. Women also tend to be "impulse buyers," and will often purchase more when they know they can immediately take possession. Clients often "cool" when they have to wait.

Operate efficiently -- A well balanced inventory, ready for delivery, tremendously increases the day-to-day operating efficiency of your business. Save money and time by avoiding extra trips to deliver products to each of the customers who ordered at the class.

Book more classes -- Your potential hostess will be more excited to share with friends when she's using the products herself. Resulting in an increase in your overall profit. (It's difficult to book a check-up facial if she isn't using the products yet.)

You will promptly supply your customers -- This means they won't go elsewhere to buy it. You will avoid reluctance to call and service your clients, or book appointments, due to fear that someone may want something you don't have. (Family may wait, but you'll want to branch beyond family right away in order to have a thriving business.)

Establish your team members' confidence in you -- If they know you have adequate inventory, they will follow your example. The results will be more confidence and enthusiasm -- meaning greater success for them too.

Remember

When an enthusiastic customer has to wait for a post-class delivery of the merchandise she has selected, her enthusiasm wanes and she may have second thoughts.

Product on the Shelf

Bag Count

The bag count determines the product level at which you can work your business at a profit level:

- 1 \$399 Skin Care Bag - Fill in and create a demo roll up bag
- Bags to sell - 1 for each person you plan to see this week and 1/2 of the people you plan to see the following week (average appointment size is 4 people)
- 1 Special Needs Bags - Oily/Blemish and Sensitive/Rosacia skin
- 1 \$299 Color Bag - Show at class (increases 2nd appointments)
- \$299 Color Bags - Sell at 2nd appointments (you decide)
- \$399 "Bag" - Value of Fragrance, Body Care and Spa products to demo
- 2 \$399 "Bag" - Value of Foundations - This expands from 1 formula to demo (in your starter kit) to 3 formulas to demo and sell (Mary Kay has 6 formulas)
- Total number of Bags -**
Check the number of Bags (called Beauty Essential Collections) listed in the Ready Set Sell brochure for recommended *Product on the Shelf*

\$ _____ Loan, Line of Credit, Credit Card amount

\$ _____ Weekly Sales = # _____ of faces per week x \$80 per face

Profit Account

1/2 of Retail Sales into a new personal checking account w/checks & debit card

Money in this account is to **pay self and make monthly payment** on loan, line of credit or credit card

\$ _____ 1/2 of Retail Sales
- _____ Loan Payment (month)
= _____ Pay Self

Note:

Your payment is made for the month, so the next 3 weeks with sales at this level means the entire 1/2 is "pay self"

Ordering Account

1/2 of Retail Sales into a new personal checking account w/debit card only

Money in this account is to **replace product sold**

Re-order product before you run out
*** the goal is not to run out ***

\$ _____ 1/2 of Retail Sales

To be at a **Profit Level**, it's important to have a full **\$399 Roll Up Bag** for each person you plan to see in 2 a week period

Product on the Shelf



Items NOT included in \$399 Bag:

- Special Needs Products for:
 - ✓ Oily / Blemish Prone Skin
 - ✓ Rosacea Supersensitive Skin
- Color \$299 Bags to show
- Color \$299 Bags to sell
- Spa & Body Care
- Fragrance
- Foundations

Important things to know:

- ☺ 15 days to maximize free product
- ☺ Free Product available on initial order ONLY
- ☺ Before month end to expedite shipping
- ☺ Recommend mid-level product for 1st order
- ☺ Help with placing 1st order
- ☺ Order will be personalized for you

Benefits of having product on the shelf

- Creates a shopping atmosphere
- Saves time - - no deliveries
- Customers purchase more when they can take it home now
- Schedule check-up facials immediately
- Less frustration - - tougher to sell what you don't have
- Set yourself up for success with your commitment
- The more you need money, the more you need product
- Easier to get spouse's support with cash in your pocket
- Starting out slowly - - you need product because you won't sell it fast enough to get to a profit level before you get to a frustration level
- If you hold appointments just to see how much you sell - - you'll never know how much you could have sold if you'd have had the product
- Ability to offer financing to customers (can double your sales)

Borrowing the money

- Treats it like a business -- *use the bank's money to make money*
- Investment of money; not an expenditure
- Compare - - \$1000 in bank at 8% interest, would take 9 years to double your money
- \$3,000 for a car is worth less when driven off the lot -
- Mary Kay products are worth double the minute they arrive on your doorstep
- Low payment comes out of Mary Kay income; not family budget
- Gives us a "have to" for which to work - - to make payment (extra motivation)
- Interest is tax deductible
- No risk with the 90% buy back guarantee

OPTIONS

- ☒☒ **\$3,600 - 10% risk is \$360 ~ Star Consultant are eligible for referrals from the company**
 - ✓ Emerald Star Consultant w/Star Consultant Prize
 - ✓ Newsletter & Website recognition
 - ✓ Product Bonus (**\$600+ value**) + Complete personalized Color 101 (\$113 value) **\$713+ TOTAL FREE**
 - ✓ 18 Beauty Essentials Collections, (full Roll Up Bags)
 - ✓ Loan/credit amount ~ \$4,300 - (extra is sales tax & supplies)
- ☒☒ **\$3,000 - 10% risk is \$300 ~ Star Consultant are eligible for referrals from the company**
 - ✓ Diamond Star Consultant w/Star Consultant Prize
 - ✓ Newsletter & Website recognition
 - ✓ Product Bonus (**\$500+ value**) + Complete personalized Color 101 (\$113 value) **\$613+ TOTAL FREE**
 - ✓ 15 Beauty Essentials Collections, (full Roll Up Bags)
 - ✓ Loan/credit amount ~ \$3,700 - (extra is sales tax & supplies)
- ☒☒ **\$2,400 - 10% risk is \$240 ~ Star Consultant are eligible for referrals from the company**
 - ✓ Ruby Star Consultant w/Star Consultant Prize
 - ✓ Newsletter & Website recognition
 - ✓ Product Bonus (**\$400+ value**) + Complete personalized Color 101 (\$113 value) **\$513+ TOTAL FREE**
 - ✓ 12 Beauty Essentials Collections, (full Roll Up Bags)
 - ✓ Loan/credit amount ~ \$3,000 - (extra is sales tax & supplies)
- ☒☒ **\$1,800 - 10% risk is \$180 ~ Star Consultant are eligible for referrals from the company**
 - ✓ Sapphire Star Consultant w/Star Consultant Prize
 - ✓ Newsletter & Website recognition
 - ✓ Product Bonus (**\$300+ value**) + Complete personalized Color 101 (\$113 value) **\$413+ TOTAL FREE**
 - ✓ 9 Beauty Essentials Collections, (full Roll Up Bags)
 - ✓ Loan/credit amount ~ \$2,300 - (extra is sales tax & supplies)
- ☒☒ **\$1,200 - 10% risk is \$120**
 - ✓ Product Bonus (**\$200+ value**) + Complete personalized Color 101 (\$113 value) **\$313+ TOTAL FREE**
 - ✓ 6 Beauty Essentials Collections, (full Roll Up Bags)
 - ✓ Loan/ credit amount \$1,600 - (extra is sales tax & supplies)
- ☒☒ **\$600 - 10% risk is \$60**
 - ✓ Product Bonus (**\$100+ value**) + Complete personalized Color 101 (\$113 value) **\$213+ TOTAL FREE**
 - ✓ 3 Beauty Essentials Collections, (full Roll Up Bags)
 - ✓ Loan/credit amount \$900 - (extra is sales tax & supplies)

Product on the Shelf

Financing Your Business

The choice is up to you! In this business, *your business*, you are in charge! *You make the decisions!* I know you want only the best for yourself! Often, in other employment situations, women complain of not being in charge...of not having control of their paycheck! With Mary Kay...YOU HAVE THE POWER TO DECIDE!

Please remember:

All of your product purchases (inventory) are guaranteed by the Company.
If, for some catastrophic reason, you are unable to pursue your business, your inventory is secured.

At this point you may be asking:

"Yes, I want to start at PROFIT LEVEL. Where do I find that kind of money?"

As professionals in the business world, we recommend using an outside source for funding. Did you know that *over 90% of businesses today start with borrowed funds.* You might consider the following:

- ✓ Visa, Mastercard, Discover
- ✓ Consumer Loan from a Bank or credit union
- ✓ Loan against the cash value or insurance policy or CD
- ✓ Supportive friend or relative

Keep in mind that interest paid is a business tax deduction at the end of that year. Your loan is to generate income, and will be paid for by a portion of your profits; in no way should it interfere with prior commitments or your personal family budget. If you want to start with a salary/profit making basis as soon as you come into the Company, then I suggest that you start your business with a Pearl (\$4,800 wholesale) or Emerald (\$3,600 wholesale) Star Consultant Order. This will give you plenty of everything to sell. Starting as a Star Consultant makes you a winner from the beginning, and earns you additional income in prizes. You will wear your "Ladder of Success" pin with pride as all Star Consultant do, plus, you'll receive Company referrals as a Star!

Remember, Mary Kay guarantees a 90% BUY BACK POLICY if you should decide this business is not for you. Isn't that reassuring? With Mary Kay's guarantee, you give yourself every advantage of running a successful business.

At Mary Kay, as in any successfully run small business, we believe that adequate capital (money to invest) and inventory are vital to your growth and success. Experts will tell you that many small businesses fail because of inadequate capitalization to build and maintain a profit level inventory.

Profit Level Inventory means having enough product to:

- ✓ Pay yourself a salary
- ✓ Re-invest in your inventory
- ✓ Cover your business expenses
- ✓ Maintain an adequate variety of product on hand to service your clients

You might consider 4 options for beginning your business with Mary Kay:

- ✓ Begin at **Profit-Level-\$3,600 or more**
- ✓ Begin with a wholesale order from \$600-\$3,000 smaller than the ration needed for profit and re-investment
- ✓ Begin with a \$200 wholesale order – enough for your own personal use only
- ✓ Begin with NO PRODUCT

We believe the strongest way to begin is at a profit level. Even if you choose to be a Part-Time consultant, I'm sure you will want to:

- ✓ Make \$\$\$\$ immediately
- ✓ Serve your clients immediately
- ✓ Not have to hassle with delivering orders at a later date and time

BANKS ARE IN BUSINESS TO SERVICE YOU! That is how they make their money.

Some points to remember should you decide to secure a loan:

It is better to **apply on-line today.** Your information is reviewed more quickly when you apply online.

You might want to start with **a bank you currently do business with** and there are many choices today, so feel free to shop around.

Set up an **easy pay-back schedule** of 18-24 months. This keeps the payment low!

Don't accept "NO!"

Be solution conscious. You can always get a loan if you have 1 of 3 things:

- ✓ Credit rating
- ✓ Collateral
- ✓ Co-signer

I believe in the value of inventory because I am, and you are, a professional businesswoman who works in a society that demands service and products NOW! People no longer choose to wait 2 weeks to receive something they value. Also, I choose to protect my time and profit margin by completing my services in a timely manner. I know you will choose to do that also!

At Mary Kay, we believe in your entrepreneurial spirit, and your abilities to succeed in business! I'm here to help!

Product on the Shelf

How To Get Financing

Conventional Loan

This type of loan from a bank will help you establish credit in your own name. If you are married, be sure to get the loan in **your** name. They prefer larger amounts; usually \$2,500 to \$3,000 minimum. The rates are usually reasonable, and there is usually no pre-payment penalty if you should decide to pay off your loan quickly. Find a great local source with which you can build a relationship so you can refer other applicants.

Credit Union Loan

If you, or your spouse, have a membership through other employment, you should find their interest rates to be traditionally low. Processing your loan may take several weeks.

Credit Card Loans

- ~ Visa, MasterCard, and American Express have ways to borrow money.
- ~ Mary Kay Cosmetics will accept Visa / MC / Discover for inventory purchases. You must be sure to have enough available credit on the card to cover your purchase. You can call the credit card company and ask for your card's available balance. We recommend that you obtain a credit card to be used only for your Mary Kay business.

Passbook Loan

You borrow against the money you have in a savings account.

Life Insurance Loan

You can borrow against your life insurance; usually at a very low interest rate.

Secured Loan

You can use your automobile, your home, stocks and bonds, Certificates of Deposit, etc. as collateral. Along with banks, financial institutions such as beneficial, Morris Plan, Avco, etc. offer a variety of loan packages.

Family Loan / Co-Signer

- ~ There are probably members of your family willing to help you start your Mary Kay career. It is recommended that the arrangement be made on a loan basis where you pay this money back in monthly installments.
- ~ You may not have the necessary credit history to get a loan on your own. Having a family member, relative, or close friend co-sign a loan may be helpful in qualifying you for a bank loan.

Borrow against another person's savings

Ask someone to put a portion of their savings into Certificates of Deposit, then you borrow against it. Their money is safe, guaranteed, and they're still making interest.

Garage / Yard Sale

Other people will often pay you good money for items you no longer want or need.

Hidden Treasures

You can pawn valuable items that you are not using.

These are some of the most commonly used financing methods.

Please discuss these, and other, suggestions your Director may have.

Please watch all of the Product on the Shelf videos in their entirety with whomever else is directly involved in your financial decisions.

You, and they, want to have all information available, so you can make an informed decision.

Product on the Shelf

As a brand new consultant:

You'll want to make sure that you are wearing 100% Mary Kay products from head to toe! If you are not wearing every product in our Beauty Essentials Travel Roll Up, then this is the perfect place to start shopping! By doing so, you will fall in love with every product we have, and feel much more confident from the beginning. You will sell much more than



the Consultant who is in the mindset of "saving it to sell it!"

STEP #1 - Toss out all other brands in your cosmetic and skin care wardrobe!

STEP #2 - Look at the "Personal Use" products to the left & check off all Mary Kay Products that you currently use. Then take this "Look" Book and go shopping for unchecked items.

- Fill in your choices for the following items -

"My" Beauty Essentials Travel Roll Up

Pocket #1

- Time Wise Cleanser
- Time Wise Age Fighting Moist.
- Day Radiance Foundation
- Day/Night Solution
- Microdermabrasion Set
- Targeted Action Line Reducer
- Even Complexion Essence
- Targeted Action Eye Revitalizer
- Replenishing Serum +C

Pocket #2

- Custom Compact & Brushes
- 3 Eye Shadows
- Blush
- Lipstick
- Lip Gloss
- Lip Liner
- Eye Liner
- Mascara
- Loose/Pressed Powder
- Concealer
- Eye Primer

Pocket #3

- Facial Highlighting Pen
- Age Fighting Eye Cream
- Firming Eye Cream
- Indulge Soothing Eye Mask
- Oil-Free Eye Make Up Remover
- Satin Lips Set
- Age Fighting Lip Primer

Pocket #4

- Satin Hands
- Timewise Visibly Fit Body Lotion
- Cellu-Shape Contouring System

Additional Items

- 1 Compact Pro w/brushes
- 2 Additional Eye & Lip Liners
- 1 Brow Pencil
- 4 Colored Lip Glosses
- Brush Set
- Complete Spa + Fragrance

Foundation Choice:	Lipstick Colors:
Foundation Color:	1.
Eye Colors:	2.
1.	3.
2.	Lip Gloss Colors:
3.	1.
4.	2.
5.	3.
6.	4.
7.	Lip Liner Colors:
8.	1.
9.	2.
Eye Liner Colors:	3.
1.	4.
2.	Fragrance Choice:
Eye Brow Pencil:	1.
1.	2.
Mascara:	Spa Collection Scent:
Bronzers:	1.
Highlighters:	2.
Blush Colors:	Men's Skin Care & Fragrance:
1.	1.
2.	2.
3.	3.