

INVENTORY

Benefits of Inventory

- Women are impulsive buyers and will love being able to take products home immediately, just like they can at the mall.
- When she takes it home immediately, she remembers how to use it.
- If she has to wait weeks for delivery, she has more time to change her mind and cancel the sale.
- It saves you time. You do not have to become an order-taker & delivery lady.
- Product on your shelf motivates you to work consistently & confidently.
- You will be less frustrated. It's tougher to sell what you don't have.
- You set yourself up for success with your commitment.
- Mary Kay always said, "You can't sell from an empty wagon."

How many businesses require tens of thousands of dollars worth of investment to begin? In Mary Kay we have two options:

1. Invest \$100 for your starter kit, demo the products, and be an order-taker.
2. Invest in inventory, stock your own shelves with products and be able to provide on-the-spot delivery and quick customer service.

Your investment is a very low risk with high gains. Say you invest \$3600. You sell it, turning it into \$7200. Plus, you have the safety and peace of mind knowing that Mary Kay will buy back your products at 90% within your first year if you decide not to continue your Mary Kay journey.

It is proven that when you have products on your shelf, you will sell 57% more! The more product you have, the more product you will sell and the more profitable you will be.

Now it's time to think BIG! When you begin your business at a profit Star Level inventory, Mary Kay gives you a huge bonus totaling hundreds of dollars in free product. This great bonus offsets interest on a loan and gives you an opportunity to really make money. You can sell your bonus products and make 100% profit, or you can use them as hostess gifts.

Another advantage of having profit level inventory is you will sell more. Women are impulse shoppers and want their products right away. If you wanted to buy a lipstick from the cosmetic counter at the mall and all they had was some samples and a catalog to order from, would you give them your money? Or, would you go to the next counter where they had products for you to take home immediately?

Think differently! Think abundant thoughts so you can have an abundant life! Step out of your comfort zone and grow to your full potential. Small thoughts, actions, and plans produce small results. BIG thoughts, actions, and place product BIG results! It's a choice. Which do you choose today?

Inventory = Great Time Management = More \$\$ Per Hour

The average Skin Care Class takes 2 hours with 4 women spending about \$400. The average Facial takes 1 hour with about \$100 in sales. Let's say you had a class and you sold \$500 and a facial that bought \$100.

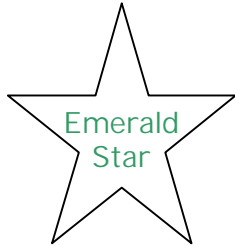
- Class = \$125 profit per hour (half of \$500=\$250/2 hours - \$125 per hour)
- Facial = \$50 profit per hour (half of \$100=\$50 per hour)

That means you made \$175 in 3 hours! This is your profit IF you have product on hand. If you don't, you have to figure in paying added shipping PLUS the hours you spend ordering and delivering products and re-explaining how to use them. Your one-hour facial turns into at least 2 hours, and you only end up making \$20 an hour. Would you rather make \$20 an hour as an order-taker or \$50 an hour as a businesswoman? It just makes good business sense to have inventory on your shelf!

YOUR INVENTORY OPTIONS



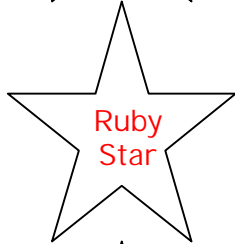
\$4800 wholesale/\$9600 retail
~\$5500 total cost
Take immediate profit
60 customers



\$3600 wholesale/\$7200 retail
~\$4300 total cost
Take immediate profit
45 customers



\$3000 wholesale/\$6000 retail
~\$3600 total cost
Take immediate profit
35 customers



\$2400 wholesale/\$4800 retail
~\$2900 total cost
Reinvest first \$600 in sales to reach profit-level
25 customers



\$1800 wholesale/\$3600 retail
~\$2200 total cost
Reinvest first \$1200 in sales to reach profit-level
20 customers

4 Ways to Purchase Inventory

1. Credit Card – Mary Kay accepts MasterCard, Visa, Discover, & American Express. There are many cards with low APR's.
2. Loan – You could get a personal loan from your bank or from a credit union. Keep in mind banks prefer to loan larger amounts with \$2500-\$3000 minimum.
3. Family Loan – You may have a family member who is willing to help you start your career and loan you money. Be sure to set up a monthly payment plan with them.
4. MK Platinum Visa Card – This is a credit card available to you on terms negotiated by Mary Kay. They provide 24-hour turnaround and loan completion time and work with a lot of MK consultants.

Skin Care for 10 Customers

\$1200 wholesale/\$2400 retail
~\$1500 total cost
Reinvest all sales at least 3-4 times to reach profit-level

5 Customers + Displays

\$600 wholesale/\$1200 retail
~\$800 total cost
reinvest all sales at least 4-5 times to reach profit-level

Do's and Don'ts in MK:

Please remember that each one of us represents ***all*** of us.
Whether a full-time or part-time Consultant - **WE ARE ALL PROFESSIONALS!**

Do...	Don't...
<p>Wear skirts, dresses, or business suits to all Mary Kay appointments, meetings & functions. Coach your guests who will be attending Mary Kay functions with you concerning the appropriate attire as well, so that they will feel more comfortable.</p>	<p>...wear slacks, shorts, skorts or sandals, etc. to Mary Kay success meetings, skin care classes, facials, or workshops.</p>
<p>Sell the Basic TimeWise and Classic set together when a new customer purchases these products for the first time.</p>	<p>...break the basic sets because they are designed to work together for the best results.</p>
<p>Teach skin care and cosmetics using your flip chart, Look Cards, and even your own face to demonstrate application techniques.</p>	<p>...touch anyone at a Mary Kay class or facial. To do so would violate one of Mary Kay's most important rules.</p>
<p>Apply the Golden Rule - "Do unto others as you would have them do unto you" by asking if a prospective client currently has a Mary Kay Consultant.</p>	<p>...take a customer from another Consultant who was servicing her clients properly.</p>
<p>Take care of clients by using the "2+2+2 Rule" by contacting them within 2 days, 2 weeks and every 2 months after meeting with a them.</p>	<p>...leave your clients hanging. They usually have additional skin care questions within the first 2 weeks and always appreciate your follow up when it is time for them to reorder.</p>
<p>Suggest childcare arrangements to your guests/clients during a class, interview or guest appointment. Remind them that children should not attend Mary Kay functions.</p>	<p>...extend invitations to your clients to bring their children with them. These are business functions.</p>
<p>Order products directly from the company to service your clients. It is always easier and more profitable to have the products on hand and you provide much better customer service if clients do not have to wait for their order.</p>	<p>...borrow products from fellow consultants. As Consultants, we are all <i>independent</i> business owners.</p>
<p>Maintain a positive regard for your fellow consultants. Have a positive Go-Give attitude! This is what sets our company apart from the rest!</p>	<p>...join conversations that contain criticism or negativity about your company, area, unit, or fellow consultants. Negativity is not a part of the Golden Rule.</p>
<p>Treat your Mary Kay functions as <i>business</i> functions by acting professional and following Mary Kay guidelines. Please turn cell phones off or silent.</p>	<p>...smoke during a Mary Kay Skin Care Class, facial or sales meeting. Never serve or consume alcoholic beverages at a Mary Kay function.</p>
<p>Share the Mary Kay opportunity with others. You never know who is looking for something more!</p>	<p>...assume a person is not interested in the Mary Kay opportunity for themselves. After all, you wouldn't be part of this wonderful Mary Kay Family if someone hadn't asked you.</p>

Organizing your Systems:

Shopping List:

- 1 Subject Colored Spiral Notebook
- 2 Binders (3 rings, 2")
- 1 Expandable accordion folder with at least 20 pockets
- 1 Mileage Log Book for your car

Organize:

- 3 Rings Binders: create a *Customer Binder* and use alphabetized tabs, and a *Birthday Binder* with monthly tabs
- Accordion File: For your *Taxes*, on the tab of each pocket you would list the categories as outline in the *Taxes* section.

File:

- Computer Files: Create a "*Mary Kay Documents*" file to store all the documents you will get during your training and workshops. Then fill it with other files by categories such as: Advance Glamour, Attitude, Booking, Calendar, Car, Classes, Closing, Coaching, Contests, Customer Development Ideas, Customer Service, Events, Goal Setting, Inspiration, Image, Money Management, Moving up to Directorship, Newsletter, Organization, People's Skills, Portfolio, Product Knowledge, Recruiting, Scripts, Seasonal Selling Ideas, Selling Ideas, Taxes, Team Building, Time Management.
- Customer Profile: Highlight her birthday and file that first page in your *Birthday Binder*, under the month of her birthday (to send her special offers during her birthday month). The second page goes in your *Customer Binder* (you can also add there, directions to her home or any other particular information about that customer)
- Sales Receipts: Pink one goes in your tax accordion file. Next copy (white one that says 'customer copy') goes to customer in her shopping bag. The third copy goes in the Customer Binder, behind the Customer Profile for future reference (like when they say, "I want what I got last time")

Create:

- Goodie Bag: You can use your MK plastic shopping bag or the zipper bags where you will put your mirrors. Include: Eye color card, samples, 2 round cotton pads, sponge applicator, mascara wand, small spray bottle (Wal-mart, travel section, 50 cents) facial cloth
- Hostess Packet: In a MK plastic shopping bag include: Hostess Brochure, a Look Book, 5 sales tickets with 5 business cards and some samples
- Recruiting Packet: Discover Extra Income brochure, Avenues of Income (vickiauth.com) and some samples.

Taxes:

The best way to keep your **receipts** in an orderly fashion is to go to an office supply store and buy an expandable accordion folder. You will need one with about 20 pockets. On the tab of each pocket you would list the categories as outline below:

1. **Gross receipts or Sales.** Pink tickets (less sales tax) and weekly summary sheets
2. **Returns and Allowances.** Bad checks, including service fees
3. **Other Income.** Dovetail income, 1099 from Mary Kay/Commission Statement.
4. **Advertising.** Direct support, business cards, fair booths, old product donated to charity, etc.
5. **Car and Truck Expenses:**
 - A. Parking, tolls and mileage
 - B. If you have a Mary Kay car or lease car you need to keep track of all receipts, such as gas, oil changes, service and repairs, car washes, etc.
6. **Commissions.** Dovetail expense, office help, secretaries
7. **Depreciation.** Items costing over \$100 such as desks, filing cabinets, answering machines, computers, TV's, VCR's
8. **Insurance.** Product insurance, business liability, etc.
9. **Interest.** Interest on loans, office equipment, processing fees for customer credit cards, annual fees for business credit cards
10. **Legal and Professional.** Tax return preparation, bookkeeping, etc.
11. **Office Expense and Postage.** Paper, pens, pencils, postage, etc.
12. **Rent or Lease:–**
 - A. Mary Kay Car (lease value)
 - B. Office Equipment (copy machine, postage meter, etc.)
13. **Repairs and Maintenance.** Business equipment only
14. **Supplies.** Cotton Balls, Q-Tips, Bank Service Charges, Beauty Case, Sec. II and Sales Aids, Birthday Cards, Books and Tapes, Demo's and Samples, Copying, Number of Facials, Small Equipment Supplies (under \$100), Fill and Processing, Flowers, Freight, Gifts (Not Sec I & II), Laundry, Dry Cleaning of Director's Suit, Director Promotions – Prizes and Awards (not from 1099 MISC), Number of Shows, Etc.
15. **Travel.** Business only (taxi, shuttle, airfare, lodging)
16. **Meal and Entertainment.**
17. **Utilities.** Telephone
18. **Other Expenses.** Meeting expense
19. **Office in the Home.** Utilities, (such as electricity, gas, water, sewer and trash removal) home or renters insurance
20. **Purchases (company & others), Personal Use, Hostess Credits, Gifts of Sec. I , Demos &**

“How to take a business trip, versus a vacation.”

- A. Sell \$50.00/per day
- B. Sell \$250.00/per week
- C. Recruit one person

The tax forms that may need to be done for your business are:

Schedule C - Profit or loss from business
Schedule SE - Self employment tax
Form 4562 - Depreciation and amortization
Form 8829 - Expenses for business use of your home

Everyone will need to do at least the Schedule C.