

THE VALUE OF MAINTAINING A GOOD INVENTORY

Maintaining a good inventory is the first step toward building a strong customer service business. Just as you depend on your florist to carry fresh flowers, your customers depend on you to offer the same service. By planning ahead for our customers' needs, you'll be able to deliver your customer orders at the show. This saves you valuable time and money. A good inventory will also motivate you to reach customer satisfaction and reduce business costs. Most recruits and potential recruits do not understand the total value of their initial order to their inventory. This is very understandable, because it is new to us and let's face it, no one likes to borrow money. But remember, you are borrowing money to make money, not to spend it and throw it away. We must remember from the beginning that we are starting our own business and inventory is one of the key things to success in our business. Can you imagine the difficulty of a retail store opening for business with a minimum inventory, versus the same store with full and complete inventory?

Our first fear - borrowing. Many bankers I talked to are more willing to make a loan to a good stable woman, regardless of age, than to a man, as they have a better payment record. I guess that means that if we decide to do something, we usually do it! That's the first thing we learn in Mary Kay from our recruiter and Director, you can do it! It's one of the basic philosophies that the company was founded upon. Also, remember that bankers like the security that you and your Mary Kay businesses offer in that you have a 90% refund guarantee if you so choose.

Our second fear - interest rates. Are they too high? Should I wait? Should I only order a minimum amount? Don't let these things bother you, because you are not borrowing that much and it's for short term. Do you realize that there is only a \$30

difference between borrowing \$1,500 for 6 months at 18% versus 14%? Do you realize that if you borrow \$500 at 18% for 6 months versus borrowing \$1,500, that it is only \$90 more? Would you rather go to a clothing store and see what you want and need and buy it, or would rather wait while they order it and then buy it? Would you rather make one trip to one show and sell products to 6 people at a time, or would you rather take orders and make six different deliveries? If you don't have the product at that show, how many customers are going to say no, or say give me a call when you get it and then I'll buy it. In other words, how many sales are you going to lose and how many additional hours will you work delivering, reselling, collecting, and visiting to finally collect your profit? At \$10 - \$20 per hour, which is conservative, it won't take long to eat up that \$90 difference, and you spend less time doing it. Time is something we all wish we had more of yet we all start out each day with the same amount of time. You really need a minimum of \$1,800 in inventory to make it easier for you and be on an immediate profit making basis. Remember, you cannot do business out of an empty wagon.

Our third fear - can I pay it off? The average conservative show sales are \$150. That means you will make \$75 profit on each show. But keep in mind that after 30 days, you start getting reorders and they are 50% profit too. This means that by holding two shows a week, you take a profit and pay your loan off too. But more importantly, you now have \$1,800 worth of product and it is worth \$3,600. Add up the possible income you can get, holding shows, reorders, plus recruiting checks. It will amaze you. Planning a good inventory is vital to building a strong and growing business. Without Products, you can't sell them, and without sales, you're out of business. Keep your product inventory up-to-date and plan for your future needs.