

YOU CAN'T DO BUSINESS FROM AN EMPTY WAGON *

** This is more than an adage... it's a proven business principle. There is "Business Power" in a strong and growing inventory:*

1. SECURITY WITH INVENTORY

A strong inventory stimulates your creative thought into the many avenues available to you to turn this inventory into profit.

2. SALES ADVANTAGES

Many a sale has been missed because, at the moment of the customer's greatest desire, merchandise could not be delivered.

3. YOUR RECRUITS' CONFIDENCE IN YOU

If they know that you have adequate inventory, they will have much more confidence, personal motivation and enthusiasm... which means more effort and more sales.

4. OPERATING WITH EFFICIENCY

A well-balanced inventory which is ready for delivery tremendously increases the day-to-day operating efficiency of your business, eliminating return trips or trading with other Consultants.

Let's look at what happens to a businesswoman who either "steals" from her inventory or fails to keep it growing:

1. SHE IS VIOLATING A BASIC SUCCESS PRINCIPLE

In the same way as you cannot say to a stove, "Give me some heat and then I will put some wood into you", you cannot demand of your business, "Give me profit and only then will I make an investment in stock".

2. SHE IS BEING DISHONEST WITH HERSELF, HER FAMILY AND HER RECRUITS

If her inventory is being gradually depleted, the day will come when the Consultant will say "I no longer have a business", or "I must start all over again". In the interim, she appears to be a success and making money, but in reality, she is quietly bankrupting her business.

How then, do you build and maintain an inventory goal?

1. SET AN INVENTORY GOAL

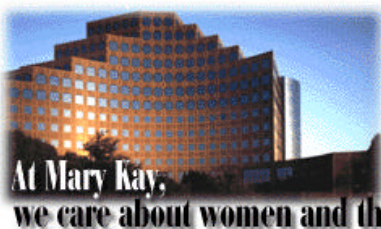
Never let your inventory fall below 15 basics (that's only enough for four skin care classes). Re-order the day it reaches 15. Aim for at least 30 basics plus boutique and glamour items.

2. SET UP TWO BANK ACCOUNTS - A 60% ACCOUNT AND A 40% ACCOUNT

- the 60% account replaces goods sold, sales aids, hostess credits and allows inventory growth;

- the 40% account is your Profit Account. You pay back your loan out of this account and also pay expenses that you would have to pay at another job (gas, dry cleaning, babysitting etc)

- Remember: The ability to build your inventory shows that you have the seeds of greatness within you. if you cannot build your inventory or if you stagnate it) you are on a predetermined path towards hardships with an uphill struggle for survival in which the odds are against you.



At Mary Kay,
we care about women and their futures.

\$4500 Wholesale Gives You Everything You Need to Establish Your Business

Everyone starts Mary Kay to be successful, and we all want to make money as soon as possible. I truly believe that the *best* way in which this can be accomplished is to start with the Emerald Star Order (\$4500 Wholesale, Section 1) or to place that Emerald Star Order as soon as possible after starting your Mary Kay business. Listed below are eight reasons why I recommend the starting out as an Emerald Star Consultant:

1. A \$4500 wholesale order gives you plenty of everything to sell. You can meet customer demand and not have to worry about running out of this or that. With a \$600 order, you barely have enough complete sets for two good skin care classes, and never enough lotions, colognes, mens' skin care management items, etc. If you encounter current Mary Kay users at your first few classes, they can clean you out of cleansing cream, freshener and day radiance and you will afterwards find yourself unable to fill your six set boxes for classes!

2. Banks are reluctant to make loans as low as \$2000 these days, so many Consultants who start out with smaller orders do so by taking money from their savings. This is a definite "No-No". They can't possibly sell enough from the first \$600 order early enough to have the cash for the second \$600 order by the time they need it, unless they borrow \$150 or more (again from savings). So this is what happens:

- They tell their husbands they are taking another \$150 or ask them for the additional money.
- The husbands hit the ceiling and become negative because to them, the Consultants have not started making any money and here it is costing them more to continue the business!
- The Consultants get frustrated and are sometimes tempted to give up without even giving the business a chance by getting on a profit basis.

3. Starting with an Emerald Star Order puts you on a profit basis from the very beginning. Here's how the money from the sales should be split:

- 60% of all money from sales should be put into a savings account to be used only for orders. The first 50% to be used to replace the product which was sold. The other 10% should be used for inventory growth. If this 10% is not set aside, your inventory would never increase, and you would be on a treadmill. You would never have any more inventory than when you started and would not be able to expand your inventory as new products are introduced.
- 40% of all money from sales should be put into a separate chequing or savings account for profits. This is your salary for your work and can be spent as you choose.
- Only by having a large inventory from the beginning can the above 40% be taken out of the money collected. Otherwise 100% of the proceeds from sales should be ploughed back into building your inventory, with no profit (salary) being taken out until the inventory is built up to a profit level of about \$4500 wholesale.
- The Consultant who starts on a profit basis with an Emerald Star Order can easily pay back her bank loan from the 40% profit account. The Consultant who starts with a \$600 order is always building her inventory, has no loan to pay back - but has no money to spend. Starting with a \$600-\$1800 order is considered only starting inventory. A \$4500 order is considered full inventory and gets you on profit immediately.



4. Starting with an Emerald Star Order obligates you to repay a bank loan. This puts your business on a business basis and prompts you to treat it more seriously and handle your money more wisely. It also urges you to try harder at Mary Kay and gives you the motivation to stick with it even if at first you get a bit discouraged.

5. Smart people get ahead by using other people's money! No businessman will tell you that he started his business with his life savings. He borrowed his money, even if he could have paid cash. This is a wise way to start your Mary Kay business. The interest paid on the loan is a business tax deduction at the end of the year. The more money borrowed, the larger the tax advantage and if that money was invested in product, the larger is your profit potential. Also, the bank loan is not an investment or expense. It will be paid for by the profits generated by the new income and will in no way interfere with prior financial commitments.

6. As a new Consultant, you will need peace of mind during the first few weeks of skin care classes. You cannot afford to be worried or upset over:

- running out of product for your skin care classes. You cannot sell what you don't have, or what you're afraid of not having once everyone orders.
- where the money will come from for your second order. Many times a Consultant will sell boutique items at her first shows or during re-orders. This puts holes in her inventory. She then needs several items, but has only collected a little money thus far with which to order.
- how to fill out the order form. Trying to figure out the second order can be hard enough by yourself!

It's confusing and takes considerable time, which you don't have too much of during the first few weeks. Then if you make an error, you either get your order C.O.D. (if the error was a large one) or you get a blue "accounts receivable" envelope attached to your order copy. This delays your order and could cause you to feel badly towards the Company.

These frustrations and worries will be eliminated or minimized by having started with enough inventory to get you through the first few weeks of skin care classes.



7. Starting with an Emerald Star Order makes you a winner from the very beginning of your career. Attitude does make the difference! A winning attitude instills confidence like nothing else will!! It's normal to be afraid of failure - to be afraid of not being professional. It's also normal to lack self-confidence. However the Emerald Star Order makes you an Emerald Star Consultant and a Winner from the outset!!! You will receive your ladder of Success with an Emerald Star on it as a symbol of your success and commitment. The lovely prize you will choose for your Emerald Star production will in many cases be the first prize you've ever earned - and it's a real thrill

8. Finally, it has been found that successful Consultants have one of each item for their own use (because you are more likely to sell something you use yourself and therefore believe in), one of each item for display to customers and one of each item to sell to them. That adds up to represent the majority of a \$4500 Emerald Star Order!

Be your own boss.

The Choice is Yours! It's Your Business After All!



**Tips.
Techniques.**

Keep in mind that in your first 5-8 classes you will be meeting approximately 30 potential customers. By selling to just four out of six at each class, you will need product for at least twenty!

We all remember how hard it was trying to build our inventory while trying to accumulate profit. and we also remember how our businesses seemed to soar as soon as we got our inventory up to a profit level. I think you will

agree with the logic behind starting with an Emerald Star Order, or at least an order of \$4500... whether you are a new Consultant, or an experienced one trying to build her inventory from a small start.

You deserve to know all the ways of starting (or renewing) your Mary Kay career, from the mere Beauty Showcase on through the Emerald Star Order and beyond. You are not required to order product or maintain a minimum inventory beyond that required to keep you active as a Consultant. This pamphlet only aims to help you avoid the frustration inherent in not starting your business on a profit level. Although \$4500 wholesale (\$9000 retail) worth of product seems a great amount to invest, it is a paltry sum when you compare it to the amount of inventory most businesses must stock when they open. Your local convenience store owner is probably sitting on an investment of over \$60,000 just to have the limited selection you need when you visit him. The same principle of having stock to meet customer demand applies to your new business, except that you can meet the demand with a much smaller investment in stock.

In Conclusion,

I have tried to outline the benefits and advantages of starting your business on a profit basis. Unless you understand the pros and cons of the various options you have in starting your career, you cannot make an intelligent decision about which way is best for you. Your recruiter can also advise you from her experience. As well other successful Consultants in the Unit will be happy to give you their opinion. I only caution you to seek the advice of Consultants who are out there making it happen - rather than asking the advice of someone who is not where you want to be.



The decision, however, is yours to make. When you have been given all the information and advice you need, your success will then depend solely on how you follow that advice. It is your business, after all.

ORDER WITH EASE!