



## ***COMMON QUESTIONS FROM SIGNIFICANT OTHERS ABOUT MARY KAY***

**I've talked about Mary Kay to many Beauty Consultants and their husbands. Questions from husbands always concern the well-being and success of their wives. I can't encourage you enough to view the videocassette included in your wives' new showcase.**

Even after viewing the video you may still have some unanswered questions about Mary Kay. The following is a list of common questions asked by concerned, supportive husbands.

**Exactly what will she be doing?** She will be teaching skin care to women and selling Mary Kay cosmetics. She will be self-employed in her own business. She will not be an employee. She will hold skin care classes and facials for groups of women.

**Where will she be working?** Her classes will be held in either her home or the home of a hostess who has invited her. Your wife will have no territories and may work anywhere she chooses.

**What sort of hours will she be expected to work?** She may set her own hours since she's in business for herself. We do not impose any quotas or requirements on her. However, we do suggest the two of you develop a weekly plan sheet every Sunday, so you both know and agree upon her schedule. Her hours can vary depending on family plans and desired income. It is vital that you both agree upon her schedule and that she works as planned. The more hours worked, the higher her income potential.

**She knows very little about sales and teaching skin care. How can she expect to be successful?** Just as in any profession, there is a thorough training program for all new Mary Kay Consultants. Enclosed in her beauty case are the consultant's guide (the Mary Kay Bible) and her perfect start workbook. With those items and the instructional audio tapes she can certainly be a success following the lessons of others before her. In addition, she will be trained in basic skin care and makeup techniques through success meetings, videos, photo shoots, conferences, etc.. She will learn all facets of her business, including how to schedule classes, earn profits, manage her income, etc. Advanced training is offered on a periodic basis, and is the secret to

increasing her income. You are always invited and encouraged to attend all Mary Kay training classes and functions.

**What is in the \$106 showcase?** Your wife is setting up her own business. Just as in any business, she needs tools with which to work. The showcase includes demonstrator products in tubes for her use at skin care classes plus a video, consultant's guide and 'Perfect Start' workbook to help in her training. This is essentially all she will need to get started with the exception of product to sell immediately.

**What is inventory and why does she need it?** Inventory is the product your wife will sell. The showcase is a tool only. Inventory is what she sells to earn her profit. She will buy product at wholesale and sell it for retail. The more inventory she has on hand the better prepared she'll be to meet customer needs. (Inventory is not required to start your business, but it is highly recommended)

**How much inventory does she need?** Remember that inventory is the source of profit.. When you place an order with the Company for Mary Kay products, you are purchasing them at wholesale prices. You will then be able to sell the products to your customers at your own retail prices. The wholesale price of a cosmetic order is determined by a discount from the suggested retail price. This discount ranges from 40 to 50 percent of the suggested retail price, depending on the amount ordered. From time to time special product promotions are available at even greater discounts from retail. Therefore; if you bought \$600 of inventory, you would sell it for about \$1,200 and make \$600 profit How much inventory she needs is a function of how much time she has to sell and how much profit she wants to make. Her Director and sponsor can help with that decision. **Everyone in Mary Kay - Both Consultants and Directors - buy directly from the Company at the same discounts.**

An order for at least \$400 wholesale qualifies for the maximum discount of 50%. For example, you pay \$400 wholesale for products you can sell for \$800 retail. By always making your orders for at least \$400 wholesale, you receive the full 50% discount. The key to consistent earnings is restocking inventory on a consistent basis. If your wife sells \$800 suggested retail per week, she will need to reinvest about 60% of her sales to replace her inventory and pay for sales tax (sales tax on retail is paid up front and then collected from the customer) and other expenses. Inventory planning and control can be a joint planning area as her business grows..

**What level of inventory is really best for her?** For a minimal activity level, we recommend that each new Consultant begins with a product inventory and reinvests her profits until she has at least \$3,000 wholesale on her shelves. Some Consultants start at this level. This inventory level will give you an adequate variety and number of products to meet an average class and reorder activity (about two classes per week). For a more active business, your wife may want to build her inventory to \$6,000 wholesale to have a complete selection of products on hand.

**Finance inventory or use savings?** Every retail business needs three key things to operate: 1. Inventory, 2. Working capital, 3. Sales Effort . I would recommend a bank

loan for inventory. Most businesses begin with capital and borrowings. The interest expense on borrowings is deductible for taxes and the borrowed funds allow you to leverage your inventory. That means that for a year, the interest is only 10-16% and if you sell through the inventory twice in one year, you will have made 80-100% on the amount borrowed. Being able to order more inventory also qualifies the Beauty Consultant to order at 50% discount which gives a ten percent savings right from the beginning.

The loan should be for 36 months. When the loan is repaid quicker than it takes to replace it with working capital from profits it can cause tremendous stress on your wife. A loan payment of \$110 a month for 36 months at 12% would equal a loan of about \$3,300. At 16% it would be a little more than \$3,100. A \$3,000 inventory equals sales of between \$5,500 and \$6,000. (Note: a \$3,000 inventory costs a little more due to prepaid sales tax and shipping and some non inventory items are usually bought.) With that cash flow you can replace and increase your inventory, pay the loan, pay your expenses, pay the baby sitter and have some left over. You will see a business base after about 25 classes have been held. That is about 75 hours at 3 hours per class and with reorders and holiday sales, she will have probably have gone through most or all of the original inventory. It is important to replace and increase your inventory on a regular basis so you can supply your customers as their numbers grow. Remember that profits come from sales and you can't sell out of an empty store.

**Can she really win a free car?** Consultants have the opportunity to earn the use (*the company has a fleet of GM vehicles worth over \$180 MM on the road*) of a beautiful new red Pontiac Grand Am. To win the use of this gorgeous car, she will build a Team of 12 other consultants that she has personally sponsored and when that Team does at least \$16,000 wholesale production (*purchases from the company*) over a four month period or less, she wins the car. The first month that her Team does \$4,000, she is considered to be On Target! Some consultants have done this in one month although most take four months. As long as minimum production requirements are met, the company will replace the car every two years!

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**WITH MARY KAY YOUR WIFE DECIDES  
WHAT SHE CAN EARN**

**If she held:**

<b>1 APPOINTMENT A WEEK</b>  \$150 Average Class X 52 weeks  3 People a week X 52 = 156 Cust. 156 Customers X \$100 reorders / yr.  <i>TOTAL RETAIL SALES IN ONE YEAR</i>	<b>= 2 TO 3 HOURS OF WORK</b>  = \$ 7,800.00  = <u>\$ 15,600.00</u>  = \$ 23,400.00	<b><u>TOTAL PROFIT</u></b>  <b>\$ 11,700.00</b> (50% OF \$23,400)  <b>\$ 225.00 PER WEEK</b>  <b>\$ 975.00 PER MONTH</b>
<b>2 APPOINTMENTS A WEEK</b>  \$150 Average Class X 52 weeks x 2  6 People a week X 52 = 312 Cust. 312 Customers X \$100 reorders / yr.  <i>TOTAL RETAIL SALES IN ONE YEAR</i>	<b>= 4 TO 6 HOURS OF WORK</b>  = \$ 15,600.00  = <u>\$ 31,200.00</u>  = \$ 46,800.00	<b><u>TOTAL PROFIT</u></b>  <b>\$ 23,400.00</b> (50% OF \$46,800)  <b>\$ 450.00 PER WEEK</b>  <b>\$ 1,950.00 PER MONTH</b>
<b>3 APPOINTMENTS A WEEK</b>  \$150 Average Class X 52 weeks x 3  9 People a week X 52 = 468 Cust. 468 Customers X \$100 reorders / yr.  <i>TOTAL RETAIL SALES IN ONE YEAR</i>	<b>= 6 TO 9 HOURS OF WORK</b>  = \$ 23,400.00  = <u>\$ 46,800.00</u>  = \$ 70,200.00	<b><u>TOTAL PROFIT</u></b>  <b>\$ 35,100.00</b> (50% OF \$70,200)  <b>\$ 675.00 PER WEEK</b>  <b>\$ 2,925.00 PER MONTH</b>
<b>4 APPOINTMENTS A WEEK</b>  \$150 Average Class X 52 weeks x 4  12 People a week X 52 = 624 Cust. 624 Customers X \$100 reorders / yr.  <i>TOTAL RETAIL SALES IN ONE YEAR</i>	<b>= 8 TO 12 HOURS OF WORK</b>  = \$ 31,200.00  = <u>\$ 62,400.00</u>  = \$ 93,600.00	<b><u>TOTAL PROFIT</u></b>  <b>\$ 46,800.00</b> (50% OF \$93,600)  <b>\$ 900.00 PER WEEK</b>  <b>\$ 3,900.00 PER MONTH</b>
<b>5 APPOINTMENTS A WEEK</b>  \$150 Average Class X 52 weeks x 5  15 People a week X 52 = 780 Cust. 780 Customers X \$100 reorders / yr.  <i>TOTAL RETAIL SALES IN ONE YEAR</i>	<b>= 10 TO 15 HOURS OF WORK</b>  = \$ 39,000.00  = <u>\$ 78,000.00</u>  = \$ 117,000.00	<b><u>TOTAL PROFIT</u></b>  <b>\$ 58,500.00</b> (50% OF \$117,000)  <b>\$ 1,125.00 PER WEEK</b>  <b>\$ 4,875.00 PER MONTH</b>

All figures above are calculated at the rate of profit or sales that you will be earning by the end of your first year. As with any business, you must build your business up to these figures through the year. Naturally, continuing on the same track will increase your profits and sales above these rates into subsequent months and years!

The company has a program called "Direct Support" which is vital to maintain a large customer base. The cost per customer is less than first class postage and each of your customers receives a promotional mailing from the company with your name and number on it. It is a tremendous program and it is like having a secretary doing mailings at very little cost.

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## AREAS OF INCOME

### **SKIN CARE CLASSES**

*40% - 50% The highest Direct sales Commission in the United States*

*An average class is approximately \$150.*

*Attendance ranges from 3 - 6 people*

*A skin care class (with driving time) is approximately 3 hours.*

*Average income per hour \$20 - \$25.*

### **REORDERS**

*40% - 50% (Our product is consumable like sugar or bread, so reorders become a large part our income).*

*An average customer (using the Basic Skin Care plus a few glamour items) will reorder approximately*

*\$100 within a year. 100 Skin Care Customers X \$100 = \$10,000 sales. \$5,000 reorder profit*

### **DOVETAILS**

*This area of income gives us the freedom to put our families before our business and the opportunity to double book.*

**RECRUITING** *(Explained in detail in the Consultant's Guide)*

*(This is paid directly from the company in the form of a commission check) It is never taken out of the new recruit's pocket. This will continue for as long as the recruit and recruiter are active with the company*

*1st recruit - Senior Pin and Recruiting Video 2nd Recruit - Red Jacket Pin, Can order Red Jacket*

*3 recruits - \$50 Credit toward Red Jacket 3<sup>rd</sup> & 4<sup>th</sup> recruits 4% of your Teams Wholesale purchases*

*5 recruits or more - \$50 Bonus for each new ordering recruit and 9% of your Teams Wholesale purchases. (If 5 recruits order at least \$180 min each and you order at least \$600 in a calendar month, you get 13% instead of 9%)*

**CAR PROGRAM** *(Explained in detail in the Consultant's Guide)*

*You with your team can earn the use of a beautiful new car*

*12 Active consultants on your team*

*25 hours per week approximately*

*\$15,000 - \$25,000 Income per year (depends on productivity of your team & yourself)*

**DIRECTORSHIP** *(Explained in detail in the Consultant's & Director's Guide)*

*9% - 13% (Directors commission is paid to the unit director from the company based upon the units monthly wholesale production*

*\$500 - \$5,000 Monthly Bonus Approx.*

*50 Unit members - \$25,000 - \$40,000 Yearly Income Approx.*

*75 Unit members - \$40,000 - \$75,000 Yearly Income Approx.*

### **SENIOR DIRECTORSHIP**

*4% - 6.5% commission on offspring sales units*

*(You must maintain a minimum Unit Size of 30 to receive this)*

***NATIONAL SALES DIRECTOR***

*Up to 8% commission on offspring sales units plus up to 3% commission on your offspring's offspring sales unit and 2% commission on a level beyond that. The company provides a retirement plan for our very top people. Simply put. The plan works like this - when you are 65 years old. The company averages the best 3 years out of your last 5. They pay you 60% of that for the next 15 years. This is called the Family Security Plan Your retirement income does not die when you do. It goes to your family this plan also works as disability insurance if you should become disabled before retirement. National Sales Directors drive the Cadillac of their choice !!!*

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**WHAT I WISH MY HUSBAND WOULD DO !**

*A survey of Consultants & Directors*

- Stay out of the way

- Be there when needed
- Attend Mary Kay Events (Awards nights, Seminar)
- Let me know how proud he is
- Watch the kids
- Learn to cook
- Take responsibility for the CAR
- Help load & unload product in the car for classes. (If the boxes are just as heavy when you unload them don't say anything)
- Put a surprise encouraging note in her beauty case
- Carry her business cards
- Understand that Mary Kay is not a multi-level or pyramid company
- Understand the rules for advancing and the benefits at each new level of achievement
- Learn to role play with your significant other so that her answers become almost automatic. (don't be too tough)
- Do goal setting for the family together so that you both understand what the Mary Kay contribution could mean.
- Take notes or remember people's names when they call.

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NOT A PYRAMID, NOT MULTI-LEVEL

**MARY KAY COSMETICS  
A DUAL MARKETING PROGRAM**

<p align="center"><b>MULTI-LEVEL MARKETING</b></p> <p align="center"><b>(MLM)</b></p>	<p align="center"><b>DUAL-MARKETING</b></p> <p align="center"><b>MARY KAY COSMETICS</b></p>
Buy in at different levels.	Everyone starts at the same level <u>EARN</u> S each level of success!
Different discounts on products determined by levels; usually no more than 30%.	<u>SAME</u> discount for everyone! Highest in Direct Sales Industry - 40% - 55%!!
New Person must fill customer orders through someone "over" them. ( <i>i.e.</i> ; <i>Manager must stock for everyone under them</i> )	EVERYONE buys product <u>directly</u> from the company.
Emphasis is on recruiting. Not selling.	Emphasis is on building a large customer base and building a team!
Recruiting commissions flow through <i>levels</i> . ( <i>Too many hands in the till.</i> )	ALL recruiting commission checks are mailed directly to the individual From the <u>Company!</u> -from the <u>Company's Profit!!</u>
Buyback policy? If there is one! Manager's responsibility to buy-back.	Buy-back from the <u>Company!</u> At 90%!
Disability?	Disability: Directors for 1 year Nationals for 15 years!
Retirement?	Retirement: Nationals for 15 years at 40% to 60% of prior highest earnings!
Life Insurance?	Life Insurance: Directors & Nationals!
Training?	Recognized as the <u>MOST HIGHLY TRAINED</u> #1 Teaching-Oriented Sales force in the world!
Free Cars Usage?	Pontiac Grand Am at <u>Consultant</u> level; Pontiac Grand Am, Pontiac Gran Prix, "Jimmy" SUV , or Cadillac at Director level!!
Teach importance of priorities?	Teaches faith first, family second, career third! Incorporated into marketing plan through 'dovetailing' ( <i>selling appts</i> ). <i>The 'Golden Rule'</i> taught as Company Philosophy!
Territories?	You may conduct your Mary Kay business anyplace you choose in the United States. ( <i>Adoptee Program</i> ).