

DOLLAR\$ AND \$ENSE



Have you ever dreamed about having a MONEY TREE?? You could just go pick off a fresh crisp HUNDRED DOLLAR BILL each day!?! BAD NEWS!! There is NO Money Tree —YOU have to take care of your money yourself!!

YOU know YOU “make money” in your Mary Kay business! Have YOU ever wondered where it is?? YOU are making money and when YOU think like a business-woman and treat your business like a business, YOU will see it!

First of all, it is important to build inventory to a profit level. It is a proven fact that we do three times the business if we have sufficient inventory to service our clients immediately! It is suggested that you invest/reinvest from sales up to about \$6000 retail/\$3000 w/s.

How long does this take? It can take one month, one year, five years.....it all depends upon YOU!! How many appointments are YOU willing to hold to reach the profit level?? **Here is one plan of action:**

1. Begin by going to your “store” and determining your present amount of product.
2. Subtract that amount from your determined profit basis. (If you are working 5 classes a week to move on up the Career Path quickly, you will want more than \$3000 w/s inventory.)
3. Decide how many CLASSES it will take (at an average of \$200 per class) to sell enough to reach profit level.
4. BEGIN scheduling and holding those CLASSES!

WHY IS IT IMPORTANT TO OPERATE FROM A PROFIT BASIS?

YOU cannot sell product you do not have. The motivation to schedule appointments is destroyed by the fear of not being able to deliver. The desire to service your customers is hindered by not having product to service them. Customers always buy MORE when the product is available today!

WHY NOT JUST HOLD APPOINTMENTS, TAKE ORDERS AND DELIVER?

TIME IS MONEY! It is costly to retrace our steps to deliver product, trading with consultants, etc. We all run out of some products and colors occasionally but with an adequate inventory, this doesn't happen often. We live in a world of “instant gratification” - people want what they want NOW! They can “pick it up” at the store — and will not wait for skin care products especially. They will use something else!

WHY DO I SPLIT MY SALES 60% - 40%??



It is important to replace the product sold to stay in business. 60% of all sales goes into your “product replacement account”. (50% replaces the product and the additional 10% covers sales tax, hostess credit, PCP, sales aids, etc.) This money/account is used only to place orders to the company for product.

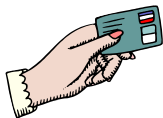
WHAT COMES OUT OF THE 40%??

40% goes into your “profit account” - this is your money. One of the learned skills for any successful business is good money management and when YOU manage this 40%, you will grow it to any amount YOU desire! Business expenses, listed in your Career Essentials, come out of the profits of any business including your Mary Kay business.



WHAT ARE SOME OF THE PITFALLS I MIGHT ENCOUNTER?

1. Overbuying Section 2. There are some great Hostess Gifts we'd like for ourselves or to use as personal gifts — and we can do that gradually. Sometimes we'll see something on the COS and order it, not knowing what it is.....and it adds up quickly! Your Section 2 order should be no more than 5% of your w/s order each time you order.
2. Using all of your money to pay off your initial investment. Set your payment on your loan or credit card low enough so that you can continue to build your inventory or you will be "back where you started" - no money and no inventory. Always have the option of paying your loan off early and with accelerated activity, you can do it.
3. Overusing credit cards. (See below)
4. Giving away too much product! A simple and effective Hostess Credit Plan is best. A simple plan is: the hostess gets 10% of the guests purchases (before tax) in hostess credit just for having the class. When she has two classes booked from her class, she gets double hostess credit!! (If the class is \$200 in guests' purchases and two bookings, the hostess gets \$60 in Hostess Credit/free product which costs YOU just \$30.) It is not necessary nor is it good business to give away too much!
5. Purchasing something "because it is tax-deductible". Remember that we seldom get a 100% tax deduction and you may be purchasing things you really don't need!
6. Taking product from your shelf for personal use or personal gift-giving without replacing the cost of the product to your product account. We get to use and give personal gifts at COST, it is not free! Put the cost of the product plus the sales tax you paid on the product into your product account to replace the product to sell to others.



WHAT ABOUT MY CREDIT CARD?

1. It is important to have a "business credit card" - NOTHING personal goes on this card—only business expenses and inventory purchases. Any interest incurred on this card is a business deduction when it is used exclusively for business.
2. You are not truly on a "profit basis" until you OWN your store — free and clear. It is good to pay off that initial credit card/loan for your initial investment and work with cash or a debit card.
3. When your credit card bill arrives, make four copies of it. Immediately, pay the minimum payment which is due. (Don't delay and pay an unnecessary "late fee"!) Each week, at the end of the week when you do your Weekly Summary and "paper work", make another payment out of your PROFIT. (This payment can be 20%-40% based upon your business expenses and how much profit you can do without at this time.) YOU will be quadrupling your payment schedule and the balance will start shrinking quickly. If you have a bank loan, do the same thing with your payments. Many times the additional payments go toward the principle entirely depending up the type of loan you have.
4. If you are not on a profit basis, you need to make minimum payments until you are and then follow the multiple payment plan above. It is not good to pay everything on the credit card and then charge more — that credit card balance can go high very quickly.