In direct selling, only one company is so well known by its corporate color. Think pink, and you think Mary Kay. See a woman driving a pink Cadillac in any community in the United States and you know she is one of Mary Kay’s salesforce leaders. You don’t even have to read “America’s Best Selling Brand” proudly displayed on the car. But the designation, earned for 12 of the last 13 years and representing sales in the combined categories of skin care and color cosmetics, demonstrates that Mary Kay is much more than just pretty in pink.

The family-owned company reported record results in 2006, with $2.25 billion in wholesale sales, generated by 1.7 million Mary Kay Independent Beauty Consultants in more than 30 markets worldwide. The company is one of the largest sellers of skincare and color cosmetics in the world.

Eternal Influence

Mary Kay Ash founded the company in 1963. As the story goes, Mary Kay had been retired for just a month when she decided to write a book to help women survive in the male dominated business world. She started at her kitchen table, where she developed two lists: One featured the good things she had seen in the companies where she had worked; the other contained the things she thought could be improved. As she looked over the lists, she realized that she had inadvertently created a plan for a “dream company.”

Working in partnership with her 20-year-old son, Richard Rogers, she used her $5,000 life savings to make that dream come true. She started a company that offered women unprecedented opportunities for financial independence, advancement and personal fulfillment—concepts the company now captures in its tagline, Enriching Women’s Lives. She chose cosmetics as the product that would help women help each other succeed and grow. Her company became renowned for its culture, its
international success and its brand. Although she died on Thanksgiving Day 2001, Mary Kay Ash still influences the company’s executives, employees and salesforce every day.

Mary Kay President & CEO David Holl says that if he could go back in time and do one thing differently, it would involve Mary Kay Ash, herself.

“I would have taken about a week to sit down and come up with every conceivable question anyone could ask about how business is going to change, how trends are going to transform, and I would ask Mary Kay, ‘How do you think you’d handle this?’ he says. “The world has changed, of course, and Mary Kay Inc. has continued to evolve. But I would love to know what she’d think of the changes. You’d be able to say, ‘I talked with Mary Kay about this, and here is how she’d handle it.’”

One thing Holl knows for sure, even as far as the company has come, its founder would never have been satisfied with the status quo. Proud, definitely; but satisfied, never. And today’s management team has the same passion for progress.

“I think we’ve created her dream company, but by no means is it perfect,” Holl says. “If she were still around today, her list of ‘dream company’ attributes would have continued to change—both good and bad things. She always said, ‘Let’s never rest on our laurels.’”

Cultural Icon

Constantly seeking improvement—not resting on its laurels—is certainly part of the Mary Kay culture, but it isn’t the part that the company is known for. Mary Kay adopted the Golden Rule as the company’s guiding philosophy and encouraged employees and consultants to do the same thing, making God, family and career, in that order, their life priorities.

“Mary Kay instilled in us an others-focused direction,” says Gary Jinks, Mary Kay’s Senior Vice President, Sales. “I learned on my first day here in 1983 that the way you become successful here is through helping others become successful. Mary Kay talked about it all the time with the salesforce, and it works exactly the same way with employees. It’s also demonstrated in the relationship between our employees and the salesforce. We know that we will only be successful as a company if our salesforce is successful.”

The company’s top award is the “Go Give” award, given to the few star sales leaders travel to new markets to work with employees and consultants in the new locations, demonstrating the Golden Rule through their words and actions.

“They are the best at communicating the Mary Kay culture,” he says. “It isn’t an inexpensive way to transfer culture, but we think it’s that important that each of those subsidiaries is a little Mary Kay and operates in the same way we do.”

When Mary Kay considers expanding, it considers a country’s opportunities for women, its demographics and the competition already established in that region. When a decision has been made to enter a country, opening for business can take six months to two years, depending on the size of the market.

Jinks says he’s proud that Mary Kay has provided opportunities in countries where women have had few prospects for financial success or personal growth. He and other executives have been impressed with the spirit and determination that international consultants have shown to overcome obstacles. Both Holl and Jinks note that when the company expanded into Russia, they heard impressive stories of Russian beauty consultants who made eight-hour train rides to the Moscow distribution center to pick up Mary Kay products. More Russian cities now have distribution centers, but the admiration lingers on.

“They don’t have a transportation or mail system—or even large hotels where they can hold meetings—like the ones we enjoy,” Jinks says. “But they’re willing to go to great lengths and to become very creative to overcome obstacles to be part of a dream and to be in business for themselves. The work ethic is phenomenal.”

Common Cause

Holl says that a common thread connects all Mary Kay beauty consultants, no matter where they live.

“It’s their desire to improve things for their families, and they can do that through the economic opportunity that Mary Kay provides,” he says. “It jumps out at you. Their cultures may be vastly different,
Mary Kay takes its goal of Enriching Women’s Lives beyond finance and personal growth. Through its philanthropic programs, it also guards women’s health and safety.

As a corporation and through the Mary Kay Ash Charitable Foundation, the company, its salesforce and employees have historically focused philanthropy on activities related to cancers affecting women. Since 1987, Mary Kay has raised and donated funds for cancer research, giving more than $7 million in grants directly to noted researchers. It promotes cancer awareness among the independent salesforce and corporate employees through breast self-examination cards for use in the shower and educational materials. The company celebrated its 30th anniversary in 1993 by donating money to help fund a mobile screening unit, which offers convenient and affordable health-care services to Dallas-area businesses, industries, churches, schools, civic organizations and medically underserved neighborhoods.

In 1996, the company established the Mary Kay Ash Charitable Foundation to provide research funding for cancers affecting women, including breast cancer. Each year since, the foundation has awarded $500,000 in grants. Last year, the company’s salesforce contributed more than $850,000 to the foundation.

**ENDING DOMESTIC VIOLENCE**

In 2000, the foundation expanded its mission to include the prevention of violence against women, working closely with the National Network to End Domestic Violence. The foundation’s major program provides grants to women’s shelters, and in October it awarded 150 grants of $20,000 to women’s shelters in all 50 states—a total of $3 million. The foundation invites shelters to apply for grants. A key deciding factor: The involvement of the Mary Kay salesforce.

“Our salesforce members take pride in the company’s efforts to reduce domestic violence and help fight against cancers of women,” says Gary Jinks, Senior Vice President, Sales. “They get involved with fund-raising projects locally. Several have contacts with professional sports teams, and they’ve used those contacts to have fund-raising projects and donate the proceeds to our charitable foundation. They’ve done things like have Mary Kay nights at football or hockey games. We also sponsor the Mary Kay 5K run in Dallas. Salesforce members come from all over the country to participate. They’re excellent partners with us. They pick up the torch and carry it as brightly as we do.”

Jinks says that Mary Kay beauty consultants empathize strongly with the causes that the company and foundation support, and their willingness to speak out has made a difference.

“So many have been touched by those two issues, either personally or through their family members, and they’re willing to tell that story,” he says. “That’s what causes others to be more courageous, become involved and donate toward the cause.”

Philanthropy and product promotions are often closely linked. For example, in fall 2007, when Mary Kay customers host a skincare class, they also can help support cancer research and the fight to end domestic violence. Mary Kay will donate 100 percent of the proceeds from the sale of the season’s popular hostess gift, the Holiday Wishes black velvet evening bag and black enamel compact featuring an inspirational quote from Mary Kay Ash.

Mary Kay even found a way to let its sponsorship of the Country Music Association Awards help fund philanthropy. In the creative campaign, called Kiss for Country, several country music artists who performed, or presented or received awards, were invited to apply Mary Kay lipstick and kiss a card they then autographed. From there, Mary Kay framed the cards, creating a one-of-a-kind collector’s piece. The memorabilia was auctioned through uBid.com, and the proceeds were donated to domestic violence shelters.

The company’s international entities choose causes close to their hearts. In Russia, the company has been a longtime contributor to Operation Smile, which repairs cleft palates of orphaned or underprivileged children. In China, the company helps build schools, primarily for girls, in the country’s impoverished areas.
but being willing to work hard and provide for their family is universal." The company likes to express its appreciation for their international beauty consultants in special ways. Mary Kay Ash’s grandson Ryan Rogers, who is now the company’s Vice President, Strategic Initiatives, is a favorite speaker at international Mary Kay events. Even beyond his status as the founder’s grandson—an attribute that alone makes him a sought-after celebrity at any Mary Kay function—Rogers often addresses the crowd in its native language. Whether he is in Russia, Mexico, China, Taiwan or another country, he uses his ability to quickly capture a language—even if he must learn his speech phonetically—to create a presentation that will appeal to beauty consultants in that market.

Pink Products
One of Mary Kay Ash’s truisms was nothing happens until somebody sells something. And the company’s products, culture and opportunity are a powerful blend that creates success as they demonstrate respect for both consultants and customers.

“As a direct selling company that offers products sold person-to-person, we recognize that there’s a personal relationship between consultant and client with every sale,” says Rhonda Shasteen, Senior Vice President, Marketing. “We take that seriously. We would never want a Mary Kay product to cause a problem in that relationship, so we’re concerned about quality and safety. Our culture and philosophy not only determine what kind of a product we introduce, but they are also the basis for all the testing and clinical evaluation we do.”

Mary Kay does more than 300,000 tests annually—none on animals—to support the safety and efficacy of the products it introduces each year. The majority of those tests involve clinical evaluation that ensures that products work the way the company says they will. The company’s 100 percent satisfaction guarantee ensures that if a customer is unhappy with a purchase, Mary Kay will either refund the purchase price or replace the product. Mary Kay’s research and testing are well-known in the cosmetics industry. In a current project to inform the public about the great measures cosmetic companies take to ensure quality and safety of products, the Cosmetics, Toiletry, and Fragrance Association points to Mary Kay as a model company and an industry leader.

Perennial Favorites
When all the market research and clinical trials are complete, the newly launched product takes its place among many longtime favorites. Flagship products vary from country to country. In the United States, Mary Kay’s TimeWise® Anti-Aging product line is the customer favorite. Chinese clients like anti-aging products, too, but whitening products are also strong sellers. Eastern Europeans focus on fragrance and body care products. And in the Asia-Pacific region, women primarily purchase skincare products, but the color and body care markets are growing stronger as the overall economy improves and customers have more disposable income.

Introducing new products is a balancing act, Shasteen says.

“We have tremendous brand loyalty,” she says. “Women who have used products for decades because they work for them are not looking for the latest and greatest technology. And because our consultants inventory our products in their homes, we try to keep our lines limited. We have to ask ourselves, ‘What product will we discontinue to make room for this new one? We must be sure that we don’t discontinue a product people love so we can create excitement and attract new customers through new products. It’s one of the biggest challenges we deal with.”

For example, one of the company’s best-selling products is Extra Emollient Night Cream—one of the first five products that Mary Kay Ash launched in 1963. And the Classic Basic Skin Care line has been sold since the 1980s. Shasteen stresses that women are loyal to their skincare regimens, adjusting only as their skin changes over time.

“There’s a huge groundswell of discontent among female consumers about the constant change that cosmetic companies go through,” she says. “When a woman has found a product she likes and the company pulls it out from under her, she gets angry. She has to take the time to search for something else. And what’s the one thing women need more of? Time!”

Creating Contacts
To help their customers find the products that are right for them, Mary Kay beauty consultants provide lots of samples. And the corporation helps consultants create opportunities for trials. Every quarter it does a direct mailing to 6 million preferred customers that includes a sample of a popular product. And the company regularly runs promotions that create opportunities for their salesforce to get in touch with their customers. It recently wrapped up its Model of Beauty sweepstakes, in which customers could get a makeover by their consultants. Before-and-after pictures with a brief quote from the customer were the contest entries. The company received more than 70,000 entries—which meant that 70,000 appointments for makeovers were made and kept. Four consumers were chosen to receive a trip to New York City for a $500 shopping spree. They’ll also be featured in the company’s summer 2008 catalog.

“We got tremendous feedback from the salesforce,” Shasteen says. “The sweepstakes was fabulous for generating appointments and...
new business for them. It gave them a reason to talk to other women, no matter whether that woman was an existing customer or someone they met in a social setting.

Mary Kay launched one of its most public promotions in October 2007, when it became the official beauty sponsor of the Country Music Association Awards show. For only the second time since the 1980s, it ran television commercials. The commercials, themed “Think about Pink,” emphasized to consumers that Mary Kay delivers serious skin care with great color products. They invited viewers to visit MaryKay.com, where they can learn more about products and find a personal beauty consultant. The sponsorship also included branding opportunities at the awards ceremony; tickets to the event, which Mary Kay used as a sales incentive; makeup touch-ups for those onstage; and product placement with every person attending the ceremony.

“It’s a perfect match for us,” Shasteen says. “We love the idea of partnering the Mary Kay brand with another brand that people are passionate about. Country music fans are more passionate about their music than any other demographic, so it makes a lot of sense in every way. We hope it turns into a long-term relationship.”

When CMA Awards program viewers—or others—become Mary Kay customers, they often do business through their consultant’s award-winning Personal Web Site. In addition, approximately 94 percent of company revenues comes from salesforce members ordering products and inventory online and the company runs e-commerce so well that Interactive Week magazine recognized Mary Kay as one of the top companies in the world in online sales. The company’s Web site has been honored by CIO and Darwin magazines.

The key, Shasteen says, comes back to the Golden Rule. “We focus on products that women want to buy versus what we want to sell them,” she says. “It’s a little bit different mindset. Our 100 percent satisfaction guarantee has a huge service component, as does the opportunity to sample products. It’s more about listening than talking—really taking time to understand a customer’s needs and applying that understanding to the products you decide to show and sample her. Always, our ultimate goal is a long-term relationship between our brand and the customer.”