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Mary Kay Ash, Mary Kay Cosmetics

Success is the best revenge

AS FAR AS ENTREPRENEURS GO, THE STORY OF TEXAN MARY Kathlyn Wagner is hard to beat. She built a billion-dollar direct-sales business from \$5,000 in savings at a time when nice ladies stayed at home and looked after their husbands. A star saleswoman who used to write her sales targets in soap on her bathroom mirror, it is possible Mary Kay Ash would have kept working for other companies. But an experience in 1963 at World Gift, where she was a national director of sales, changed all that. Male colleagues she had trained were promoted above her on twice her salary. Mary Kay Ash had been a stellar performer there for eleven years. The reason? They wore a suit and tie, she wore a dress. After twenty-six years in sales, she retired.

Her direct sales cosmetics and skincare business, now among the largest in the world, came along at a time when the value of women outside the home was greatly discounted. Mary Kay Ash

empowered hundreds and thousands of women to have lucrative careers and offered American women opportunities that didn't exist anywhere else. The business, says her son and business partner for almost three decades, Richard Rogers, was always about creating opportunities for women. "Cosmetics just happened to be the vehicle."

By 1963, she was so determined to start her own business that even the death of her second husband, George Hallenbeck, a month before Mary Kay was launched did not delay the opening of the business.

Mary Kay opened a storefront in Dallas in September 1963. "I was middle aged, had varicose veins, and I didn't have time to fool around," she said. The cornerstone of the original Mary Kay product range was a skin cream that had been devised by a hide tanner who had modified leather softener for human skin. Mary Kay had sampled it at one of her home parties and persuaded the Heath family to sell her the rights to the recipe for a reported \$500. "The ace in the hole I had in starting was that I had spent twenty-five years in direct sales." Her team was comprised of nine consultants and her twenty-year-old son, Richard Rogers, who left his job as a financial administrator in an insurance company to help out. He leads the company today. Mary Kay was the undisputed leading lady of Mary Kay Cosmetics. "Her job description was to energize, recognize, teach, and motivate our independent sales force," says Rogers. "My job was everything else."

Wholesale sales for the first twelve months were a healthy \$198,000. In 1964, Mary Kay held the first of what would become legendary get-togethers for two hundred. The ladies ate off paper plates. "Mother really did cook the chicken," says Richard Rogers. Over the next four decades, these events would become so huge that the company would become the largest annual user of the Dallas Convention Centre. Some 50,000 people would typically make the pilgrimage to Dallas to hear Mary Kay's motivational

speeches. They came too for the awards nights where top salespeople shared in millions in prizes and got to wear crowns and sit on thrones. Mary Kay would arrive on stage in a horse-drawn carriage or Rolls-Royce, for example, and often leave through secret exits to avoid being mobbed. (This happened pretty much wherever she went around the country.) She became a cult figure and needed eleven secretaries to handle all the letters and gifts that arrived for her at the head office every day.

Mary Kay Ash knew what it felt like not to be recognized and rewarded for the work she did. She often said: “There are two things people want more than sex and money—recognition and praise.”

Mary Kay based her business plan on the principles she had learned from decades in direct selling. That list of principles was so effective that in time this mother of three had the Harvard Business School and other academics attending her spectacular sales seminars to find out what this lady with the blonde wigs and pink mansion was doing in her business to make it perform so well.

Mary Kathlyn Wagner was born in 1918 in Hot Wells, Texas. By the age of seven she was caring for her invalid father, who suffered from tuberculosis, while her mother worked fourteen-hour days managing a restaurant. By seventeen, she was married and went on to have three children. Her first husband filed for divorce after he returned from serving in World War II (turns out he had been in a relationship with another woman), and Mary Kay was left a single mother with three children to support. She had wanted to study medicine but realized it was not possible with her responsibilities. She began selling child psychology books door to door, and her natural talent for sales blossomed. She then worked in direct sales for Stanley Home Products for eleven years (also a training ground for Brownie Wise, who would lead the Tupperware revolution).

At her company, recognition was a critical part of the success of the business. Her way of showing it was through pink Cadillacs,

luxury holidays, and all manner of jewelry from diamond bumblebee stick pins and little ladders through to flashy designer watches. She wanted her independent sales force to be the highest paid women in the U.S. Hundreds of Mary Kay representatives have earned commissions in excess of a million dollars. “She always focused on putting the honor in selling,” says Rogers.

Mary Kay cosmetics appealed to the American heartland. Her product thrived in the conservative suburbs and country heartland of America. By 1966, sales had tipped \$1 million. The company went public in 1968, raising funds for a new manufacturing plant in Dallas. Mary Kay was very good at creating a legend, with her coiffed blond wigs, diamonds, a thirty-room pink mansion and her signature pink Cadillac. She first drove a pink Cadillac in the 1960s in Dallas. It caused a sensation and was free advertising to boot. This reaction prompted Mary Kay to offer the ultimate incentive to her sales force—Mary Kay pink cadillacs. Through the Mary Kay Career Car Program, the very top sales people earned the use of a pink Cadillac. Typically, the recipient would receive a two-year lease on a Mary Kay pink Cadillac. When the lease would run out, the salesperson hopefully had performed so well they would be eligible for a newer model. This pink car program continues today with its salesforce of 1.5 million on five continents.

Growth continued until the 1980s when many Mary Kay representatives trailed off to pursue other career options and the brand became a little stale. In 1985, the family bought the company back in a leveraged buyout for \$375 million, a state of play that suited the business. Without the short-term view of shareholders, the company could take a more long-term view and not worry about market reaction. The next five years saw sales increase by more than 95 percent to \$487 million. During that time, Mary Kay resigned as chairman and took the title chairman emeritus. In 1987, Mary Kay’s son Richard took the chairman’s title. Consolidated retail sales topped \$1 billion in 1991.

Mary Kay suffered a debilitating stroke in 1996. She struggled with poor health for the next five years, missing annual seminars for the first time in her career. She moved out of her pink mansion into a smaller home and she died on Thanksgiving Day in 2001 at age eighty-three.

Today the Mary Kay company is thriving with an annual wholesale turnover of more than \$1.8 billion. The brand has had a renaissance in the past five years with an 80 percent increase in sales and 120 percent rise in the number of sales consultants. “I would say that we can’t move any faster than our unique culture allows,” says Rogers. “Where our corporate culture is understood and embraced, we do very well. It is as simple as that.” Rogers is adamant that his mother would be very happy with the ways things have turned out. “Her dream that this business would transcend her life has been accomplished,” he says. That Mary Kay sure showed her old bosses a thing or two.

NOTES

“**I was middle-aged...**” Nemy, Enid. “Mary Kay Ash, Builder of Beauty Empire, Dies at 83,” *New York Times*, p 13, 11.24.01.

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