

## Taking Charge of Your Financial Future

My goal for our class today is to teach you smart money management skills that can empower you as a business professional and share tips that could help you \_\_\_\_\_, while \_\_\_\_\_.

When Mary Kay Ash said, "Treat your Mary Kay opportunity as a \_\_\_\_\_ instead of a \_\_\_\_\_, and you will be paid handsomely for your efforts."

Money mis-management is the...

#1 reason couples \_\_\_\_\_

#1 reason couples \_\_\_\_\_

#1 reason people \_\_\_\_\_

#1 reason women \_\_\_\_\_

#1 reason they \_\_\_\_\_

Good money management is \_\_\_\_\_ if you are in business...and it's a life skill that will enhance every arena of your life. Here's the good news:

Good money management can be learned. So repeat after me,

"Money Management is just a \_\_\_\_\_, and I can learn this \_\_\_\_\_!" (breathe)

Basic principles:

1. The \_\_\_\_\_ of business is to create a profit.

2. \_\_\_\_\_ is an individual decision.

Mary Kay Ash believed maintaining an appropriate amount of inventory was beneficial because she always enjoyed the \_\_\_\_\_ and \_\_\_\_\_ she could provide a customer who wanted her skin care or color cosmetic products on the spot.

- She knew that doing so could help build a \_\_\_\_\_ customer base and create \_\_\_\_\_ customers for life.
- She also believed that having inventory on hand could help an Independent Beauty Consultant feel more \_\_\_\_\_ and \_\_\_\_\_ to her Mary Kay business.
- I would add to that... that having inventory on hand allows you to make an \_\_\_\_\_, because it's an established fact we sell more when can provide on-the-spot delivery...more profit..aka income (without more work)
- A full inventory also means a consultant orders less often & at higher volumes. This results in free \_\_\_\_\_ with less shipping & delivery expenses, so more \_\_\_\_\_ (again without more work)

3. Business debt, if it is in control & managed properly is not a \_\_\_\_\_.

It's always better to have debt for something that appreciates, rather than something that depreciates.

When you owe money for a mortgage, it is considered an appreciating asset, because homes generally increase in value over time. The difference in what you owe & what your asset is worth is called \_\_\_\_\_. Once you sell your home, that \_\_\_\_\_ becomes profit. (back to that word). Profit is a good thing. Because your inventory also has equity in it, it is an \_\_\_\_\_, like a home, not a depreciating asset like cars & furniture.

#### 4. Controlling business debt

-Interest paid on business debt is \_\_\_\_\_, so you'll want to keep your business debt \_\_\_\_\_ from your personal debt.... \_\_\_\_\_ bank accounts, \_\_\_\_\_ business-only charge card.

-The money you put in the business account can serve as your \_\_\_\_\_ of your successes in sales during the year. And remember, your business checkbook is \_\_\_\_\_ your 2<sup>nd</sup> personal checkbook!

-There is no such thing as a poor \_\_\_\_\_ who is a \_\_\_\_\_ money manager!

-When you spend business-generated profit money on personal debt that should go on the business side, it's no longer business debt. It's \_\_\_\_\_.

Ex: Due to good record keeping & your Mary Kay business, you get an extra \$1,000 tax refund in the spring that you would not have gotten if you did not have your in-home business. There's a \$1,000 balance left on your MK credit card. Do you pay off your business credit card or buy a new plasma TV?

If you buy the TV, you no longer have a business debt on your MK card. You have personal debt of a TV on your business card! *Be sure to keep it real!*

-Sometimes the tendency, once we get into our austerity mode, is to start rationalizing why we shouldn't go to Seminar or Career Conference, but this is the \_\_\_\_\_ of what we should do. No matter how bleak my situation has looked, I never denied myself anything that would help me \_\_\_\_\_. I knew that if I did not \_\_\_\_\_, my business would not continue to grow.

-Order because you need product, not just to \_\_\_\_\_.

Before you place an order, ask yourself 3 questions:

1. How much can I afford to spend on \_\_\_\_\_? (Section 1 \_\_\_\_\_)

2. How much can I afford to spend on \_\_\_\_\_? (affectionately known as The Big Pink Store! Section 2 \_\_\_\_\_!)

Rule of thumb: Spend no more on section 2 no more than 5-10% of ws value of section one...

Ex: \$600 ws order, can spend \$30-\$60 on section 2.

\$200 ws order can spend \$10-20 on section 2

3. Am I absolutely committed to running a profitable, integrative, debt-free business?

-Turn in your \_\_\_\_\_ to your director on time. That way she can monitor whether your ordering pattern & actual retail sales are \_\_\_\_\_. If you do not turn in your WAS to her, she will have absolutely no way of knowing if you are ordering wisely or imprudently.

-Be sure you have a plan of action for paying off your \_\_\_\_\_, so you know when it is going to end. You'll feel much more \_\_\_\_\_ & in control.

Generally, a monthly payment spread over 12-24 months will be the norm for a new consultant.

### Paying Yourself: Which formula is right for you, 60/40? 70/30? Or 80/20?

#### **What is the 60/40 Formula? Full Inventory option 1:**

- a. 50% reinvested in products to maintain existing inventory, & to service your existing and new customers.
- b. 5% Class Sales Aids to purchase supplies needed and or expenses to build your business. ( section 2)
- c. 5% Preferred Customer Program
- d. 40% Business Earnings. Your profit.

**Example: \$228 Class Sales** (my all unit avg this past year, combining new/seasoned)  
**(\$70 a face avg)**

50%	\$114	Inventory
5%	\$ 12	Sales Aids ( there will always be a cost of doing business)
5%	\$ 12	Preferred Customer Program ( investment in Customer service & retention, future sales)
40%	\$ 91	Business Earnings ( gross profit of \$114, minus expenses)

#### **What is the 70/30 Formula? Full Inventory option 2:**

- a. 50% reinvested in products to maintain existing inventory, & to service your existing and new customers.
- b. 5% Class Sales Aids to purchase supplies needed and or expenses to build your business. (section 2)
- c. 5% Preferred Customer Program (investment in Customer service & retention, future sales)
- d. 10% MK School (Seminar. CC, retreats, workshops. These are investments in you & your bus.)
- e. 30% Business Earnings. Your profit-TAKING.  
Difference between MAKING a profit & TAKING a profit.

**Example: \$228 Class Sales** ( my all unit avg this past year, combining new/seasoned)

50%	\$114	Inventory
5%	\$ 12	Sales Aids ( there will always be a cost of doing business)
5%	\$ 12	Preferred Customer Program
10%	\$23	Events fund
30%	\$68	Profit taking ( gross profit of \$114, minus expenses & investment in future business) Still \$34 a hour for today's work - great hourly pay! & reorder income potential in future...

#### **What is the 80/20 Formula? Recommended Building Inventory option:**

- 70% reinvested in products to *build* your inventory, while servicing your existing and new customers.
- 5% Class Sales Aids to purchase supplies needed and or expenses to build your business. (section 2)
- 5% Preferred Customer Program (investment in Customer service & retention, future sales)
- 10% MK School (Seminar. CC, retreats, workshops. These are investments in you & your bus.)
- 10% Inventory loan payment

**Example: \$228 Class Sales** (my all unit avg this past year, combining new/seasoned)

50%	\$160	Inventory
5%	\$ 12	Sales Aids (there will always be a cost of doing business)

5%	\$ 12 Preferred Customer Program
10%	\$23 Personal Growth (workshops, retreats)
10%	\$23 Loan payment
10%	\$23 Profit Taking ( This one is discretionary, but if feeling like you are making money motivates you to book even more, this could be a good investment)

### **Let's now talk about where the Money is!**

In order to build a financially successful business you should have a \_\_\_\_\_ to achieve. By determining your retail selling goal and breaking it down on a monthly, weekly, and daily basis, you know how much product you should sell every day to reach that goal. And that selling goal becomes your "boss".

### **Exercise**

Write down a "reasonable" profit-taking goal that I would like to achieve each month.

1. If on 60/40 split, multiply total desired by 2.5
2. If on 70/30, multiply by 3.3
3. If building inventory & on 80/20, multiply by 10

An Independent Beauty Consultant can increase her product sales by:

- Spending the majority of her time on \_\_\_\_\_ activities such as making customer calls, holding skin care classes, etc.

"What I write in my datebook this week will be in my \_\_\_\_\_ next week."

Mary Kay's grandson Ryan Rogers learned from his father Richard that the predominant thought of successful people is, "How can I \_\_\_\_\_ money?"

Unsuccessful people are always thinking, "How can I \_\_\_\_\_ money?"

With a MK business, we do not have to wait for payday to have cash in hand.

There are 2 ways to have more money:

1. increase \_\_\_\_\_ – sales, more faces, teambuilding, step up & earn director's check

We can do this so much faster & higher than most, can't we?

2. decrease \_\_\_\_\_, especially on the personal side:

Ask yourself, "Do I really need this, or should I save the money? Or use it to build my business?"

On business side, "Is what I'm spending this on going to create more business?"

Successful people are aware that "money \_\_\_\_\_ in one area is money \_\_\_\_\_ from another."

### **How to Develop a Budget Based on Expenses –**

**If the word budget excites you about as much as the words diet & exercise, use**

"\_\_\_\_\_".

If you were going to develop a monthly budget for your business, what line items would you include?

MK College education

Communication: Smart phone with adequate minutes

Postage, high-speed internet service, PWS & PCP

Home: housekeeper/office help

## Childcare

- Identify which ones are necessary for the success of your business and which ones are just nice to have and why.
- What are some ways you can keep expenses down?
- What could you do instead of discounting products that might help you be more profitable in your business?

Suggestions on how to make your *profit* grow even faster:

- **Deposit supplemental earnings** you receive, like personal team-building commissions, free car.
- **Work on your selling skills**, set higher goals and raise your skin care class sales average. Added earnings can mean you make a larger monthly deposit.
- **Turn single facials into double facials or skin care classes** so your earnings can be greater and you can add more new customers.
- **Change your strategy altogether** and move into an even more energetic mode with ONE MORE skin care class a WEEK!