

# Understanding Ordering

By Natalie Reed, Future Executive Senior Sales Director

One of the first decisions a new Consultant must make is to decide if she wants to stock inventory for on the spot delivery or take orders, collect the money, and then place an order, delivering when the product comes in. Customers have often commented to me that they appreciate the fact that I have a full inventory and can deliver anything to them. If you are an experienced consultant and cannot do this, you might need to reconsider and read this too. My suggestion to all consultants is to have a full inventory if you want to have a successful business.

**Should I order Inventory? Consider the following when making your decision:**

**You have the choice in Mary Kay to service your customers in one of two manners:**

- Deliver products to your customers as soon as they place their order. You carry product in your home which you have purchased in advance to sell to your customer, or
- Customers place their products orders to you and you accumulate their orders and then place an order to the company to service your customers for the products they need.

**A decision to purchase Inventory depends on two factors:**

- Resources - Do you have the capability to make the purchase? If you do not have it, can you borrow it?
- Goals - what level you choose should depend on your business goals!

The single most important issue involved is that you make a decision that you are happy with, so that you are able to focus on succeeding in your Mary Kay business. Choose to carry inventory, what level of inventory, or place orders to the company to service customers. Be happy with your decision.

**Benefits of stocking inventory in your home:**

- **Higher Sales** - women want their products as soon as they try them. Your sales will be 50% higher if you carry inventory to give immediately to the customers.
- **Less Returns** - Woman do not usually change their minds once they have the products in their hands. If they have to wait for products, they can change their minds about their order due to Money, stress, or husbands.
- **Confidence** - You are more likely to actively work your business if you have products on your shelf. You will feel professional and have more confidence in your sales ability.
- **Motivation** - Your inventory will motivate you to do your business when you lack self-motivation. Product sitting on your shelf will get you out there selling! It's instant cash.

- **Profit** - You will see a profit quicker when carrying inventory. If you have to place orders, it takes longer to see profit.
- **Higher Reorders and Less Customer Drop-off** - If you are able to immediately service your customers once they run out, they will learn to depend on you. If you have to place an order to the company, they may look for another consultant who carries inventory.
- **Less Frustration** - the Consultants who do not carry products tend to get frustrated with their business and sometimes to the point of quitting. Not carrying inventory is one of the most common reasons for consultant dropout.

### **Continuing to Build your Inventory**

Your goal is to build to a level of inventory suitable for the size of business you intend to have. I assume you joined Mary Kay to make money. If that is the case, then you will want to build to a full inventory, which is at least \$3,600 wholesale or more. I personally maintain an inventory of \$8,000 plus wholesale. Whether you begin with no inventory, a small inventory, or a complete inventory, your goal is to maintain enough products so that you can deliver to your customers on the spot.

Until you are at that inventory level, I suggest you reinvest all your profits back into more inventory, so you can grow to the inventory level to meet your needs. You have been living without Mary Kay money until now. The wisest money management practice to assure a successful business is to forego profit while you build your inventory. How does that work?

- You begin with \$600 wholesale. (I am not even considering the free bonus products you receive with your order.)
- You sell \$500 retail for the week.
- Your cost of the product sold is \$250 and your profit starts with the other \$250, minus hostess credit, etc.
- Rather than paying yourself what is left of the \$250 and then adding back the other \$250, you would take the entire amount and order more products. This would be like replacing what you just sold. Now you have \$850 on your shelf. Continue to reinvest profits until you have an inventory that will maintain your sales level.

(Thank you Natalie for this great article! So many times in my career, customers have come to me because I have the products on hand and they receive their products in a timely manner. I wholeheartly agree with what Natalie has written.)