

# CLASS 6 TIME AND MONEY MANAGEMENT



## Time Management

### The 99¢ Notebook

- Buy a one subject notebook
- Don't get a fancy one – get the inexpensive 99¢ (or so) version that is a solid color on the front
- Write your monthly sales and recruiting goals on the front
- You will have a different notebook each month
- This is your laundry To Do List
- Anytime you think of something that you have to do – write it down! Your list might have anything from “buy eggs” to “pack Max's bookbag” to “Call Suzie and coach her for Saturday”
- If you write it down it will free your mind to focus because your brain won't be cluttered with all of the things that you have to accomplish
- A confused mind does nothing!

### The Brain Book

- This is a 3 ring binder with pocket tabs on the inside
- Your sections will vary but we suggest having
  - Daily Organizational Sheets
  - Customers
  - Team Building
  - Contests and Events
  - Tracking Sheets
- Visit [www.leighanndavid.com](http://www.leighanndavid.com) and click on the Brain Book link for a suggested setup list
- Take this everywhere with you! That way, you will always be prepared with Look Books, hostess packets, sales tickets, etc.
- This will also house your Team Building Notebook and props

## Six Most Important Things To Do List

- Each night before you go to bed, get out your 99 cent notebook and glance over your laundry to do list
- Pick out the 6 things that are the most critical to the next day
- You may want to have 6 personal things and 6 Mary Kay things
- This will help you focus on getting the most important things done
- What about the rest? Delegate! Think of who can help you get the other things done! Your kids? Your husband? A housekeeper? An assistant?
- You will not find Steve Jobs, CEO of Apple, scrubbing the toilets in the office at night or sorting his own mail – neither should you!

# Money Management

## Before You Get Started

The first thing you want to do is set up a separate checking account for your Mary Kay business. This account should be linked to your existing personal checking account (so that it is easy to pay yourself on payday) and should also have a debit card. Each time you make a sale you will deposit all of the money into your Mary Kay account. All future product orders and payments of money will be made directly from this account. If you are operating your business correctly, your business will support itself. Meaning, you will never use your credit card again, and all purchases of product and other items will come directly from the funds available in your Mary Kay checking (that will be there as a result of sales and Love Checks!) The size of your store determines what you do with the money from that point forward.

## Stocking and Restocking Your Shelves

Regardless of the size store you have, you ALWAYS take 50% of what you sold and reinvest it in your business. This means that you will place an order with Mary Kay to replace what you have just sold. If you do not do this, you will eventually sell out of your store and will not be able to service your customers. In order to minimize shipping fees, you should try to order only once per month, and doing it around the 10<sup>th</sup> of the month is usually a time when the processing centers are least busy and you will get your product faster than if you place the order at the beginning or end of the month. In general, it is not cost-efficient to order any less than \$200 at a time.

Now, what do you do with the other 50%? It depends on the size of your store.

## If you have \$3,600 on your shelf

Congratulations! You are at profit taking level in your business! Mary Kay always said that in order to service your customers properly, you must have a full store of inventory which is \$3,600. Once you reinvest 50% of your sale, the other 50% is your profit! Now before you go to the mall, make sure you understand these few items:

- Business expenses such as meeting fees, conference registrations, office supplies, etc. are taken out of your 50% profit, NOT your 50% reinvestment.
- Be careful not to overspend on Section 2 items. There are lots of cute items to purchase, but be sure that you are not spending more than 5% of your sales on Section 2. It is cheaper in the long run to use full-size eye shadows, eyeliners, lip glosses, etc. from your store

than to continuously purchase samples from the company so consider investing in full-size demo items.

- If you financed your store on a credit card or with a loan, you will make your monthly loan payments out of your profit account as well. You want to make at least the minimum monthly payment, but you may choose to pay more. You may want to take your full profit and use it to pay off your initial investment if you do not need the money to pay rent, buy groceries, make a car payment, etc. You may choose to take half of your profit and pay your loan and take the other half for yourself. Whatever you decide is up to you, but make sure to make a payment plan and stick to it! By holding consistent appointments you will have your investment paid off in no time.

### **If you do not have \$3,600 on your shelf**

You are not yet at profit taking level in your business. Instead of reinvesting just 50% of your sale, you will want to reinvest 100% of your sale. This is so that you will be replacing the items that you just sold, but you are also purchasing items that you did not previously have in stock so that you will eventually grow to having a full store on your shelf. It is important that you are diligent about this process that we call “turning over your inventory.” After a few strong skin care parties you will have a full store in no time! The only time you should be using your money for anything other than turning over your inventory is if you are using it for paying off your loan or credit card. Ideally you are using a 0% interest card and will accrue no interest on your balance. Should you be using a card with an interest rate, be sure not to use the card for anything else so that you can keep track of your interest charges because they will be tax deductions at the end of the year.

### **When Inventory Comes Off of Your Shelf**

There are several ways that inventory will be taken off of your shelf:

- you sold it
- you used it for yourself
- you used it to demo at your appointments
- you gave it away as a raffle or hostess incentive

It is important to remember that each time product comes off of your shelf, you must keep a record of it. You must fill out a sales ticket every single time that product comes off of your shelf. Make no exceptions to this rule! You will track all inventory with your sales tickets. In order to do this you must understand the difference between a product's retail value and wholesale value.

**Retail value** = the amount listed in the Beauty Book or Look Book. This is the price that we should charge our customers

**Wholesale value** = the amount that we purchase the product for from the company. This is 50% of the retail value

If you sold it:

You will write the customer's name and address on the sales ticket. Write up the ticket at the retail price and charge sales tax on that retail price.

(Please be sure to read the section on sales tax below to determine what tax rate to use.) File this ticket behind the customer's profile card.

If you used it for yourself:

Instead of writing the customer's name on the ticket, you will write "Personal Use" so that you know this product was used for you. Please note that personal use items are not tax deductions so you will need to keep these receipts separate from all others. Write the product up its wholesale cost, and charge sales tax based on the retail price based on the sales tax rate where you live.

If you used it to demo at your appointments:

Instead of writing the customer's name on the ticket, you will write "Party Supplies" so that you know the products were used to demo to customers at appointments. These items are tax deductions for you so you will need to keep these receipts separate from all others. Write the product up at its wholesale cost, and charge sales tax based on the retail price based on the sales tax rate where you live.

If you gave it away as a raffle or used it as a hostess incentive:

Instead of writing the customer's name on the ticket, you will write "Hostess Gift" so that you know the products were given away to customers. These items are tax deductions for you so you will need to keep these receipts separate from all others. Write the product up at its wholesale cost, and charge sales tax based on the retail price based on the sales tax rate where you live.

**Charging Sales Tax**

When you purchase product from the company, you are charged sales tax on the full retail price of the product. You are prepaying your sales tax to the company. You recoup this sales tax from your customers when you make a sale.

Always charge sales tax on the full retail price of the product, even if you happen to give a discount on the actual sale.

*Example: Assume that you give someone a 10% discount on a product that costs \$100 and that your sales tax rate is 7% and the customer's sales tax rate is also 7%. You will charge them:*

*\$100 retail price  
  \$7 7% sales tax  
  \$107  
  \$ 10 10% discount on \$100 retail price  
  \$97 total due*

### When Your Sales Tax Rate is Different Than Hers

There may come a time when your sales tax rate is different than that of your customer. You will always charge your customer tax on her tax rate, regardless of whether yours is the same or not. The difference between the two tax rates is called non-recovered sales tax. This is the tax that you were unable to recover from your customers and is a tax deduction to you.

*Example: Assume that you sold someone \$100 in product, your sales tax rate is 7%, and your customer's sales tax rate is 5%. This means you paid \$7 sales tax to the company but only charged your customer \$5 tax.*

*\$100 retail  
  \$5 sales tax  
  \$105 total due from customer*

*On your copy of the sales ticket you will make a separate line item called "Nonrecovered Sales Tax" which is the difference between what you paid the company in tax and what you were able to recoup from your customer. In this case it is \$2.*

### Car Expenses

You are able to write off your mileage to and from your Mary Kay appointments or a portion of your regular car maintenance expenses such as oil changes, new tires, etc. You will want to consult your tax advisor for the specific times that you can and cannot deduct mileage and other expenses. A great way to keep track of your travels is by purchasing a small, inexpensive day planner to keep in

your glove box. Each time you travel to a unit meeting, skin care party, etc. you can write down where you drove from and where you drove to. Keep track of your mileage on the odometer in your car. Should you happen to forget to keep track, just write down your starting and ending points and MapQuest can give you the mileage approximation.

### Saving For Your Business

As a consultant, you have the opportunity to participate in many different events with the company. The three main events each year are your National Sales Director's Retreat, Career Conference, and Seminar. The cost of each event varies, and your director can help you project the cost of each event. In order to be able to attend, you are encouraged to set aside a portion of your income from each appointment into a savings account. That way, when registration time comes for events, you will have the money in your account for plane tickets, meals, etc.

### Other Expenses

There are some other expenses that you may incur as a beauty consultant such as your meeting dues, cost of photographs for your portfolio, etc. These expenses should be taken out of your 40% profit account. Make it your goal to take guests with you to your meeting, guest event, or photo shoot so that your sales at the event will more than pay for the cost of the event itself.

### Keeping Good Records

As a business owner, you are responsible for keeping records for your income and expenses. In Mary Kay it is very simple to keep good records! All you have to do is print the attached tax labels onto labels on your printer at home (you can find them on Mary Kay In Touch and search for Tax Labels). Use an 8 ½ x 11 manila folders so that you have plenty of space for your receipts, packing slips, etc.

# Smart Ordering



Are you ordering \$SMART? When you submit a product order do you think about getting the most for your money? Do you plan to receive the monthly bonus with each order placed? Do you keep a close eye on your inventory to be sure you can provide the best customer service possible? Or do you wait until you need products? (Customers have already ordered an item you don't have.) Are you constantly "borrowing" or "exchanging" product with your sister consultants? Do you track your Star Consultant status?

YOU are \$SMART businesswomen! Your commitment to integrity and excellence compels you to bring that excellence into each facet of your business!

Here are a few business "tips" I'd like you to keep in mind when ordering your Mary Kay products:

- **Did you know that for every order shipped from a Mary Kay Distribution Center you pay \$8.95 shipping regardless of the size of the order?** Therefore I encourage you to place one order per month. (Thankfully Mary Kay has instituted the Earned Discount Privilege for those cosmetic 911 situations. Remember though that regularly taking advantage of it will end up costing you \$\$\$\$.)
- **Did you know that the Distribution Centers have the fastest "turn around time" between the 12<sup>th</sup> and the 21<sup>st</sup> of each month?** In honor of Mary Kay's favorite number, why not make a point of ordering on the 13<sup>th</sup> each month?
- **Did you know that Mary Kay Beauty Consultants often wait until the end of the month to order?** (Partly a function of being procrastinating human beings and partly as a result of Company, Area and Unit monthly qualification deadlines.) Understandably, this puts a great deal of pressure on the distribution centers at the end of every month.
- Did you know that all the orders from the previous month must be processed before the distribution centers will even look at your order placed during the first few days of the month? **Therefore it is always better**

**to place your order before month-end rather than to “wait until next month”.**

- **Did you know that Mary Kay asks us not to trade or borrow products from sister consultants?** You can never be sure that she stores her products properly insuring the quality of that product! You can be 100% sure that your products have been handled safely from Mary Kay’s hands to your customer’s hands. Your business reputation is on the line when you sell another consultant’s product to one of your customers!
- **Did you know that with a \$400+ wholesale order you qualify for a credit towards your next order?** If you just always placed \$200 orders you never get any free product. Double check your wholesale totals before ordering. You might be close to a bonus!
- **Did you know that your product bonuses count toward your retail total at the end of the year?**