



Profiles in Customer Service
MARY KAY

LIP SERVICE

Providing personalized webpages
for its salespeople has given
Mary Kay's business a makeover



Providing its beauty consultants with their own webpages has saved Mary Kay "well into the millions," says CIO Kregg Jodie.

Mary Kay

Headquarters:
Dallas

www.marykay.com

Revenues: \$2.4
billion

Employees: 3,600 in
Dallas plus 800,000
beauty consultants
worldwide

Founded: 1963

Customer base: 40
million

International
presence: 37
countries

Company mission
statement: Enriching
women's lives

Call Michelle McGrath on any weekday afternoon, and you'll hear her 5-year-old boy and 3-year-old twin girls playing in the background. Check in at 9 p.m., however, and McGrath will be online—in the quiet of her suburban Boston home—filling orders for lipstick and foundation, and e-mailing fellow beauty consultants and customers.

Mary Kay, known for its pink Cadillacs and old-fashioned face-to-face salesmanship, was thinking about women like McGrath when the company set out to create online tools and personalized webpages for its sales reps four years ago. The Dallas-based cosmetics company takes pride in pampering its 800,000 beauty consultants—awarding high performers with sales incentives and prizes, including the famed pink Cadillacs.

Instead of selling its products directly from its website, Mary Kay decided to help its sales force set up sites and manage home businesses online. The idea was that the beauty consultants would be more productive if they could contact customers and send their orders to company headquarters whenever they wanted. Mary Kay's approach also helped avoid the channel conflicts experienced by many other direct sellers as they developed Web initiatives that sometimes bypassed the sales force.

"The Internet has freed up my time and allowed me to keep in touch with my customers," says McGrath, who has 500 customers on her e-mail address list. "My service is better and my business has tripled in three years. What's most important is that my customers can reach me anytime."

Unlike many other direct sellers that have stumbled with Web initiatives, in some cases angering sales forces, Mary Kay has found a way to foster its primary asset—an enthusiastic sales force—while gaining e-commerce efficiencies. Customers can't buy directly from Mary Kay's sleekly designed website as they can at Avon.com. Instead, they're directed to the personalized site of a nearby consultant, where they can order products online or call for over-the-phone advice.

Mary Kay has spent close to \$15 million during the past five years to get its sales force online and to host personalized webpages for any interested beauty consultants in the United States. So far, roughly 24 percent—or about 120,000—of the company's U.S. consultants have their own site. Mary Kay is also hosting sites in Canada and the United Kingdom, and Gregg Jodie, senior vice president and CIO, expects the program to expand to other countries soon.

The effort is clearly paying off. Internet ordering now accounts for 70 percent of Mary Kay's revenue and is helping the company save money. Where each order from a beauty consultant used to cost more than \$3 to process, electronic orders now cost the company less than \$1, saving Mary Kay "well into the millions" during the past five years, according to Jodie.

"Supporting the beauty consultant is the core of our business," says Jodie, who joined Mary Kay eight years ago and was appointed CIO in 1997. "The key to our success was developing technology that reinforces our business model."

Alan Alper, an e-business analyst at Gomez in Waltham, Mass., adds, "Mary Kay is a great example of how to manage channel conflict—don't allow it to occur."

Mary Kay's efforts to wed Internet technology with its old-fashioned image are easy to see at company headquarters. The outside of the building

IDEAS YOU CAN STEAL

► Keep the sales force happy by hosting their personalized webpages and sending online sales leads to sales reps

► Introduce new technology to top sellers first

► Use Web initiatives to attract younger salespeople and customers

Web Business 50

▣ [Staying Power](#)

- ▣ [Categorically Successful](#)
 - ▣ [The Right Fit](#)
 - ▣ [People Who Need People](#)
 - ▣ [Play & Plug](#)
 - ▣ [Where Customers Rule](#)
- [Southwest Airlines](#)
- [Ford](#)
- [American Cancer Society](#)
- Mary Kay
- ▣ [The Winners](#)
 - ▣ [Hats off To Google](#)
 - ▣ [A Discussion with Jakob Nielson and Vincent Flanders](#)
-

is granite and glass with cascading fountains. Inside, the pink-carpeted office of founder Mary Kay Ash—who suffered a stroke five years ago—remains essentially untouched since the day she left. Columns designed to look like lipstick tubes adorn the cafeteria. Despite these timeless touches, Jodie encountered little resistance from corporate officials or from far-flung beauty consultants when he helped introduce an application six years ago to help top sellers deliver reports and manage their business electronically. That application was initially connected to CompuServe but was later replaced with Internet protocols that gave consultants access through any ISP. Personal websites were first launched in 1997. "We were ahead of the Internet curve because it fit our model so well," Jodie says.

Internet ordering now accounts for 70 percent of Mary Kay's revenues and is helping the company save millions of dollars.

Six years later, beauty consultants use the Web to order products for their customers, message colleagues, file reports and register for Mary Kay events. Jodie's team focused on simplicity when designing Internet applications, avoiding the need for extensive training and encouraging quick adoption. The tactic appears to have worked. Of the 500,000 beauty consultants in the United States, 380,000 have visited the internal website to place orders and get information about the company.

Mary Kay's Web presence also draws a younger audience, both in recruiting new beauty consultants and attracting customers from a generation that might equate Mary Kay products with their mothers. For McGrath, the company's Web efforts prove the company values technology. "I can't imagine doing my business without the Internet," McGrath says. "I wouldn't be keeping up with my customers. I have to be where they are."

—Susannah Patton

PHOTO BY DANNY TURNER

▣ [The Winners](#)

The CIO Service Center

- ▶ [Printer-friendly Version](#)
- ▶ [E-mail this Article](#)
- ▶ [Request Reprint](#)
- ▶ [Subscribe to CIO](#)
- ▶ [!\[\]\(13b6bdd0ca077c333d50231f1443cb1d_img.jpg\) SAVE THIS](#)



In this Issue of CIO:

Select Below



CIO Magazine - December 1, 2001
[© 2001 CXO Media Inc.](#)

http://www.cio.com/archive/120101/rule_marykay.html