Case Study 1: Two Entrepreneurial Titans – Mary Kay Ash and Anita Roddick

Arguably, no one embodies female entrepreneurship as fully as Mary Kay Ash, the founder of Mary Kay Cosmetics. The initial catalyst for starting Mary Kay Cosmetics was Ash’s frustration with corporate life; when she was the National Director of Sales at World Gift Co., a direct sales company, she was passed over for promotion in favor of a male employee who she had trained. Dispirited, Ash quit World Gift and decided to take her personal savings of $5,000 to start Mary Kay Cosmetics. In 1963, she opened a storefront in Dallas, Texas, with her ﬂagship product – a skin cream. (She had purchased the rights to it from the Heath family for $500.) Her motivation to become an entrepreneur was both personal and economic; she wanted to make money, be her own boss, not be limited by corporate politics, and create opportunities for other women. Within six to eight years, some women in the company earned over $100,000 per year. In 1964, the ﬁrst annual Mary Kay convention was held in Dallas, where 200 women celebrated the company, its success, and their own. The company grew rapidly between 1974 and 1979; sales tripled and proﬁts doubled.

Ash’s business concept was to offer skincare products through a direct sales force of independent “beauty consultants.” These sales consultants earned commissions from selling products. In 1981, direct selling was a $7.5 billion industry and was popular among women because they could work as much or as little as they wanted to. In the early days of the company, sales consultants sold the products through home beauty demonstrations. Today, in addition to product “parties” in the home, sales consultants sell through the Internet and in their workplaces, if they hold other jobs. The business model was very proﬁtable because overhead cost were kept low (sales consultants worked from home and were not paid salaries). Mary Kay was known for her ﬂamboyance and motivational strategies. Having spent 25 years in direct sales, she knew that recognition and rewards were important to salespeople. The annual Mary Kay conventions became legendary as a way to motivate and reward top saleswomen; pink Cadillacs, luxury vacations, and jewelry were awarded to top performers. In addition to motivating employees through these incentives, Ash provided career paths for women sales consultants. As women brought others into the company, they received higher commissions and could become eligible for higher- level jobs such as sales director, senior sales director, and national director.

Although Mary Kay Ash died in 2001, the company continues with her son at the helm. Today, it does business in 35 markets on ﬁve continents, and in 2008 had sales revenues of $2.6 billion. Much of its business is in emerging markets such as China (its second- largest market behind the US), Latin American countries, India, and Eastern Europe. Its product line has expanded greatly (make- up and toiletries have been added) and it now offers products for men such as face soap, shaving foam, and sunscreen. Manufacturing facilities are located in China and Dallas, and distribution centers are in many large cities in the US.

Like Mary Kay, Anita Roddick chose a product category she was familiar with – cosmetics and skincare. She founded The Body Shop, a company producing and retailing beauty products. The company was one of the ﬁrst to focus on ethical sourcing of materials and fair trade with developing countries. It was also one of the ﬁrst companies to prohibit animal testing of its products

Roddick started a business with the aim of providing an income for herself and her two daughters. (Her husband, Gordon Roddick, was in South America for an extended period.) With inspiration from a small cosmetic store in San Francisco selling natural products, she decided to provide a limited number of quality skincare products in reﬁllable containers and in small, sample sizes. After 15 different skin products were created in her garage, she opened her ﬁrst shop in Brighton, England, in 1976 with a bank loan of £4,000. In the early days of her venture, her aim was to bring in £300 a week, just enough for her family to live on. With the success of the ﬁrst store, a second store was opened six months later. Soon, every high street (shopping district) of every town in England had a Body Shop. The brand became widely recognized and synonymous with natural products.

Roddick was motivated by both ﬁnancial security and political activism. She wanted to run an honorable business that did not establish hierarchies, but treated individuals equally. She was also interested in starting a business that furthered her activism. During her life, she had been involved in several causes including animal rights, environmental-ism, anti- war protests, and defending human rights.

In the late 1990s and early 2000s, the company over- expanded, more competition entered the market – especially with availability of products online – and a recession hit in 2000. The Body Shop’s proﬁts declined dramatically and it was sold to L’Oreal in 2006, about a year after Anita Roddick died. Today the company sells make- up, skincare products, shampoos, bath products, and fragrances, and operates in over 2,300 stores in 61 countries across the world.