



## Fitchburg's Madson a direct hit

00:00 am 10/09/05  
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For the State Journal

When Lisa Madson started selling Mary Kay cosmetics 19 years ago, she hoped to make \$70 a week to buy Christmas presents for her family. In 2004, as a national sales director with the company, she earned just over \$600,000 in commissions and prizes working 40 hours a week out of her Fitchburg home.

"When you love what you do, you'll never work another day as long as you live," she said. "I love to have fun, and this business is fun."

Direct sales companies like Mary Kay, Amway and Shaklee represent almost every product imaginable - from cosmetics, cookware and candles to soap, scrapbooking, supplements and even financial services. And the industry is growing: About 13.3 million direct sales consultants accounted for \$29.55 billion in retail sales in the U.S. in 2003, up from \$28.69 billion in 2002, according to the Direct Selling Association.

"It's not for everyone, but for an awfully lot of people, it's been the pivotal experience that's taken them into other opportunities," Joan Gillman, a faculty associate at the UW- Madison School of Business, said of direct sales. "They acquired skills they ended up using in other businesses and other areas of their lives."

But others can "end up with a basement full of" products and lose money, said Glen Loyd, public information officer with the state Department of Agriculture, Trade and Consumer Protection. The key is in carefully evaluating the opportunity.

"If the proposal that's put forward focuses mostly on making lots of money quickly or easily, and discussion of the product happens late in the process, that should set off a bell," said Ken Macur, professor of accounting at Edgewood College. "A business decision should not be based on greed, but on rationality and planning."

**'Sharing the opportunity'** At Mary Kay, sales consultants give many reasons for joining the organization - among them flexible scheduling, advancement opportunities and the chance to drive a pink Cadillac. For Madson, now 45 and a mother of three, it was originally about the money.

"My husband taught at a Christian day school, so we knew our financial situation," she said. "We realized one salary of that size wasn't enough."

Dan, also 45, retired from teaching two years ago. He writes books and trains for Ironman triathlons.

As a direct selling company, Mary Kay's success depends on sales consultants recruiting other consultants to work with them - in Mary Kay parlance, "sharing the opportunity."

Madson built her business by recruiting nearly 6,000 consultants, either directly or indirectly through the efforts of those beneath her. Five years ago, she earned the title of national sales director - one of 210 in the U.S. Last year, her national sales area ranked eighth, selling \$19.4 million worth of products.

Mary Kay does not track retention rates or average earnings for its sales consultants, a corporate spokeswoman said. With just over 710,000 sales consultants in the U.S., not every consultant achieves the level of national sales director or even has that as a goal.

"Some take the opportunity for a short-term goal such as sending the kids to camp," said Katrina McAfee, manager of corporate communications.



Lisa Madson of Fitchburg has made selling Mary Kay cosmetics into a career. She's one of millions of people involved in the direct sales industry in the United States. (JOSEPH W. JACKSON III - State Journal)

**Surprising herself** Madson became a sales director, the first major rung on the Mary Kay career ladder, a year and a half after signing her sales agreement. That meant recruiting 30 women to work with her in a sales unit, which still holds several records for Mary Kay.

Her rapid success surprised her. "I was not the one that people would have said would make it," she said. "I was so nervous when I signed my agreement, I broke out in hives."

Knowing your personality can help you evaluate direct-selling opportunities, Edgewood College's Macur said.

"The customers will not flock to your door," Macur said. "Evaluate whether you feel comfortable selling. Some people are, and some people aren't."

Madson attributes her success to working hard, being passionate about Mary Kay, and treating everyone with respect.

"I treat every person as though she were wearing an invisible sign that says, 'Make me feel important,'" she said.

Now, as a national sales director, Madson's primary job is mentoring the 115 sales directors in her area. One week might find her in Florida conducting a workshop and the next in Philadelphia congratulating the top-producing unit in Mary Kay. In Mary Kay, there are no territories, so she and other sales consultants are free to recruit anywhere in the U.S.

She records a message for her sales directors each morning on a "hotline" they call into. She or one of her two full-time assistants respond to those who leave messages needing advice or a word of encouragement.

"People don't want to know how much you know, they want to know how much you care," she said.

Lisa Rada, a sales director from Sun Prairie, recently left Madson a voicemail. "When she called me back the next day, I had already resolved the issues myself," Rada said. "She said, 'I'm proud of you. I knew you knew what to do.' She made me feel good for figuring it out on my own."

A weekly 45-minute group conference call gives Madson another chance to train and motivate her sales directors.

She acknowledges that not everyone will experience her monetary success in direct sales.

"People's success is defined differently," Madson said. "If they're hitting the mark they set for themselves, then that's all that matters. If someone gets joy out of their Mary Kay business, I'm happy for them. If they want more, then I'll help and encourage them to keep going."

**Questions to ask about direct sales** Is this a direct sales opportunity or a pyramid scheme, which is about signing up other people, not selling a product?

Do I have a passion for the product?

If I'm not selling to friends and family, would anybody buy this from me?

Do I want to take a chance on alienating friends and family?

There are superstars in everything, but how I am going to do?

Is this a product worth getting behind?

Is this product readily available in other places?

Are people willing to pay more for a differentiated product?

Is this a way that people would routinely buy this kind of product?

How can this product be marketed?

Check with the Direct Selling Association, whose members agree to abide by a code of ethics, when considering an opportunity to see if the company is a member. Visit the Web site [www.dsa.org](http://www.dsa.org) for a list. *Sources: Joan Gillman, Glen Loyd, Ken Macur*

Check it out on the website:

<http://www.madison.com/wsj/home/biz/index.php?ntid=57086&ntpid=1>